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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1920.

No. [redacted]71

AMERICAN COLUMN & LUMBER CO. ET AL.,
APPELLANTS,

v.

UNITED STATES OF AMERICA.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TENNESSEE, WESTERN DIVISION.

BRIEF FOR APPELLANTS.

[redacted]

Abstract of Evidence.

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GREGORY & TODD,
Of Counsel.

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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1920.

No. 369.

AMERICAN COLUMN & LUMBER COMPANY ET AL.,
APPELLANTS,

vs.

UNITED STATES OF AMERICA.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TENNESSEE, WESTERN DIVISION.

ABSTRACT OF EVIDENCE.

Foreword.

There is here submitted for the convenience of the Court an abstract of the evidence. In developing the testimony of witnesses we have sought to select from that testimony material matter, eliminating repetitions as far as possible.

Gadd Exhibits H and I, which comprehend the evidence of the sales data for the year 1919 and January, 1920, and

Gadd Exhibit L, which is the monthly stock reports for the same period, are not in the printed record, and this because of the voluminous nature of the data comprised in these Exhibits. To make this data of any practical value to the court it was necessary to chart same, showing the range of prices as shown by the weekly sales reports (Exs. H and I) and stocks as shown by the monthly stock reports (Ex. L). Appropriate reference will be made to these charts as the abstract of the evidence develops.

Testimony of Franklin T. Miller.

(Record, Vol. 3, 1568-1612.)

The testimony of this witness is useful in disclosing the enormous shortage in business and domestic building as a result of war conditions and as outlining the causes that brought about this shortage, and the period when active resumption of building took place, thereby throwing light upon the important question of the extraordinary demand for lumber products that developed in the summer of 1919. This testimony is directed to building supplies generally, which would include the hardwoods as well as other lumber products.

Witness is president of the F. W. Dodge Company, the business of this company being the publication of statistics regarding the construction industry. Mr. Miller has been connected with the company for twenty-five years. In the year *1919* he was director of the Division of Public Works and Construction Development of the United States Department of Labor.

"It was estimated by the United States Department of Labor at the close of the war that the United States was in need of 1,000,000 homes.

"The volume of construction for the year *1919* was *25 per cent* above the average for the preceding *five years*. *Two-thirds* of this construction was undertaken in the *last*

half of the year 1919. Notwithstanding this enormous increase of building during 1919 there is still an unprecedented scarcity of dwelling-houses throughout the United States.

"The immediate cause of the housing shortage is attributable to many reasons, among others:

"(*a*) Restrictions placed upon building by the Government during the war;

"(*b*) In *October*, 1917, Judge Lovett's priority order No. 2 denied the use of open freight cars to building materials. Subsequent orders placed embargoes upon building materials.

"(*c*) Shortage of labor; to illustrate, labor that heretofore worked in cement and stone quarries during the winter was drawn to the automobile industry by the increased wage opportunity.

"(*d*) Since the war the allocation of capital, labor, and materials to the production of non-essentials.

"(*e*) Restrictions placed on loans by the Federal Reserve Board.

"(*f*) Building industry was entirely stopped by the Government after we entered the war."

Commenting upon the increase in price of lumber as compared with other commodities, witness stated "that at the time of the armistice building materials were *84 per cent* above pre-war levels, while general commodities stood at *107 per cent* above pre-war levels. Of building materials, lumber was but *73 per cent* above pre-war levels."

"In order to provide employment for returning soldiers and stabilization of building conditions, the United States *Department of Labor* carried on an intensive educational *campaign*, directed toward the resumption of construction, and especially home building. Activities of this same character were promoted by the War Department, under the supervision of Col. Arthur Woods, directed toward the resumption of public works. The *'Own Your Own Home,'* campaign was sponsored by the Government and initiated in many cities by the Y. M. C. A., American Federation of Labor, and other organizations."

Witness Miller submitted with his testimony Exhibit 1, (R., Vol. 3, 1573), which covers certain publications issued by the Department of Labor shortly after the armistice and which was propaganda for a *"Own Your Own Home"* and *"Build Now"* campaign. In this file is some correspondence that passed between the Department of Labor and the American Hardwood Manufacturers' Association, wherein the Department urges the association to aid in this campaign. (R., Vol. 3, 1589-1591.)

(NOTE.—The application of the above exhibit is found in the fact that in rendering his opinion, Judge McCall took occasion to seriously criticize Mr. Gadd for urging members of the association to aid in this "Own Your Own Home" and "Build Now" Campaign, and this on the theory that Mr. Gadd, who issued the publication, knew that hardwood stocks were low. Therefore to urge people to build homes would, so runs Judge McCall's opinion, necessarily increase the price of hardwoods that they would have to buy.)

TESTIMONY OF JOHN C. FRAZEE.

(Record, Vol. 3, 1624-6.)

Witness is secretary of National Federation of Construction Industries, having its principal office in Philadelphia, Pa. This organization represents the various commodities that are classified as building material.

The testimony of witness is along similar lines to that of preceding witness, Miller. We submit herewith a paragraph from his statement:

"There was a general belief on the part of nearly everyone in the United States at the beginning of the year *1919* that prices would shortly *decline*. This made it impossible for a period of several months for the construction industry to make much headway in the resumption of its business. The results of these conditions were that both in and outside of the construction industry a *campaign* was launched

to convince the public that in view of world conditions and the depleted stock of materials, no immediate recession would probably be made from the new price levels. The construction industry in all its branches supported the campaigns carried on by the Federal Government through the United States Department of Labor, known as the 'Own Your Own Home' campaign and the 'Build Now' campaign, with the idea that business would be thereby stimulated."

"In the early *summer* of *1919* the construction business began to take on the proportions of a *boom* and from that time on, during the remainder of the year, the *enormous demand*, which exceeded the *supply* and is now generally six months ahead of the ability of the industries to make deliveries, and the *competitive bidding* for construction *materials*, which resulted from these conditions, has caused *prices* to continue to increase."

TESTIMONY OF FRANKLIN H. SMITH.

(Record, Vol. 3, 1728-9.)

Statistician for the Forest Service, United States Department of Agriculture, which position he has held for 12 years.

This witness submitted four exhibits:

EXHIBIT "A."

This exhibit is entitled "Hardwood Lumber Production in the United States 1918."

Exhibit discloses that in 1918 there were *5,262,466,000* feet of hardwood lumber produced in the United States.

EXHIBIT "B."

A chart entitled "Total Reported Production of Hardwoods 1918," and is a *graphic* presentation of the figures shown in Exhibit "A," giving total production of hardwoods for *1918* and the *proportion* of this *production* manu-

factured by members of the *Open Competition* Plan of the *American Hardwood Manufacturers' Association*.

The chart discloses that the production of defendants was *1,491,248,000, feet* which was *28⅓ per cent* of the total production.

EXHIBIT "C."

A chart entitled "Annual Consumption of Hardwoods by Manufacturing Industries."

This exhibit discloses character of hardwood consumption and the proportion of hardwoods that varying industries use, such as furniture, interior trim, box manufacturers, etc., etc.

EXHIBIT "D."

A chart entitled Annual Production of Hardwood Lumber 1905-1918, and is a graphic presentation of the total production of hardwoods in the United States in each of the years 1905 to 1918, inclusive. The dotted horizontal line in said chart, marked "Normal of Pre-war Production" indicates the average production of hardwood lumber in the United States for five years, 1910 to 1914, inclusive.

Smith Exhibits A, C, and D are reproduced in the record. Exhibit B is not so reproduced and we submit, however, such reproduction herewith.

(Here follows reproduction of Franklin H. Smith Exhibit B.)

TOTAL REPORTED PRODUCTION OF HARDWOODS - 1918

5,262,466,000 FEET

TESTIMONY OF C. F. MARVIN,

Chief United States Weather Bureau.

(Record, Vol. 3, 1698.)

The evidence of this witness consists of statistical data showing:

The rainfall in the Southern States, being the average precipitation by States during each month for the year 1919 and the departure from the normal amounts of rainfall for the respective States and months. The exhibit attached to Mr. Marvin's testimony is found in the record, Vol. 3, 1698. It will be found on an examination of this data that Mr. Marvin sets forth the departure from normal of the annual precipitation. His data was compiled from the climatological data for the various States as published by the Department of Agriculture. For the purpose of showing the departure from normal as to each State and by *months* we have gone back to the climatological data as published by the Department and compiled therefrom a statement, wherein is disclosed the monthly precipitation according to States, and departure from normal, comprising the Southern hardwood producing States, thereby eliminating certain States that witness' data discloses, which is not germane to the issue.

For the year 1918 weather data, the months of October, November, and December are shown.

(It is the practice with Southern hardwood mills to accumulate a log supply in the fall months that will suffice for production in the following spring when, as a rule, the woods are not in condition to get out logs. The excessive rainfall, however, during October, November, and December, 1918, prevented this storage of logs for 1919 spring use. During these three months the precipitation in Arkansas

was 3.34 inches above normal; in Texas, 4.87 inches; in Louisiana, 9.41 inches; in Mississippi, 7.17 inches. In the Western Division of Tennessee the precipitation was 1.59 inches less than normal.)

The hardwood timber lands of the Southern hardwood States were therefore water-soaked on January 1, 1919. In some of the States the excessive rainfall continued into 1919, as, for instance, the precipitation in Mississippi was in excess of normal until July, 1919, and in Texas until April, 1919, and in Louisiana until March, 1919.

In March, 1919, there was an excess over normal precipitation in all States excepting Louisiana. In the city of Memphis over 9 inches of rain fell in twenty-four hours during the month of March.

In May it rained very heavily, there being an excess above normal in all States. The same was true of June. In August the same was true, with the exception of Louisiana. This produced an abnormal condition, because here we were having excessive rainfall during the summer months of the year. In other words, the hardwood timber lands of the Southern States were water-soaked during the entire spring and summer of 1919.

The precipitation for the month of September was below normal but the excessive rains started again in the month of October, producing the wettest month on record in the Southern States. The rains continued during November in all Southern States. In December the rainfall diminished and the precipitation was below normal but the woods had been water-soaked by that time for the winter and as a consequence hardwood producers entered the year 1920 with about the same conditions prevailing as prevailed on January 1, 1919.

The compilation submitted below does not show conditions at the worst. For instance, the figures for the State of Texas comprise the entire State. It is a well-known fact that the precipitation in Western Texas is, as a rule, nothing

Average Precipitation and Departure from Normal in Southern Hardwood Lumber Producing States, October, 1918, to December, 1919, Inclusive, Compiled from Climatological Data Published by U. S. Department of Agriculture, Weather Bureau.

Month.	Arkansas.		Texas.		Louisiana.		Mississippi.		Tennessee (Western Division.)	
	Average precipitation.	Departure from normal.	Average precipitation.	Departure from normal.	Average precipitation.	Departure from normal.	Average precipitation.	Departure from normal.	Average precipitation.	Departure from normal.
	(Inches.)	(Inches.)	(Inches.)	(Inches.)	(Inches.)	(Inches.)	(Inches.)	(Inches.)	(Inches.)	(Inches.)
October, 1918	3.99	+ 1.31	3.87	+ 1.38	9.18	+ 6.11	8.98	+ 7.24	2.81	+ 0.21
November, 1918	3.91	+ 0.43	4.42	+ 2.23	5.46	+ 1.99	4.27	+ 1.14	2.16	— 2.08
December, 1918	5.62	+ 1.60	3.59	+ 1.26	5.93	+ 1.31	4.12	— 1.21	4.81	+ 0.28
Total, 1918	13.52	+ 3.34	11.88	+ 4.87	20.57	+ 9.41	17.37	+ 7.17	9.78	— 1.59
January, 1919	3.00	— 1.23	3.09	+ 1.85	6.33	+ 1.97	5.46	+ 0.78	4.52	— 0.30
February, 1919	3.34	— 0.25	1.92	+ 0.02	5.71	+ 1.05	5.42	+ 0.39	3.02	— 1.29
March, 1919	5.47	+ 1.05	2.85	+ 0.69	4.59	— 0.24	6.94	+ 1.24	10.19	+ 4.90
April, 1919	3.56	— 1.27	2.55	— 0.48	5.56	+ 1.30	5.17	+ 0.18	3.59	— 1.45
May, 1919	6.01	+ 1.11	5.31	+ 1.88	8.22	+ 4.08	7.96	+ 3.58	8.15	+ 3.87
June, 1919	5.11	+ 1.12	5.80	+ 3.02	6.63	+ 1.65	5.01	+ 0.57	4.11	+ 0.20
July, 1919	1.91	— 1.82	4.67	+ 1.95	6.10	— 0.55	3.72	— 1.56	1.97	— 1.93
August, 1919	4.29	+ 0.50	3.44	+ 1.03	5.11	— 0.14	6.23	+ 1.81	4.26	+ 0.62
September, 1919	2.72	— 0.85	4.88	+ 2.09	2.54	— 1.49	1.13	— 2.51	2.51	— 0.42
October, 1919	10.90	+ 8.09	7.42	+ 4.94	8.49	+ 5.66	7.32	+ 4.52	9.82	+ 7.20
November, 1919	6.27	+ 2.82	2.59	+ 0.29	7.34	+ 3.67	8.83	+ 5.58	9.27	+ 4.90
December, 1919	1.94	— 2.07	1.12	— 1.40	3.04	— 2.02	6.05	+ 0.93	3.29	— 1.54
Total, 1919	54.52	+ 7.20	45.64	+15.88	69.66	+14.94	69.24	+15.51	64.70	+14.76
Total 15 months	68.04	+10.54	57.52	+20.75	90.23	+24.35	86.61	+22.68	74.48	+13.17

like that in the Eastern portion of the State, where the hardwood timber grows, but the figures of the Weather Bureau are not separated. The same is true of Arkansas in respect to the northern part of the State, the greatest precipitation being in the Mississippi valley section. The Louisiana and Mississippi figures are fairly typical, because hardwoods grow in all portions of these two States. Tennessee is divided, so that we can give figures for the Western Division but the Western Division comprises highlands between Memphis and Nashville, and in this district the precipitation was heaviest in the Mississippi valley.

The figures, however, are sufficient to show weather conditions existing in Southern hardwood-producing States during the fifteen months ending December, 1919, and are conclusive evidence of the condition of the hardwood timber lands during that period and of the impossibility of securing a normal stock of logs for manufacture into lumber, which was so badly needed.

(Here follows statement above referred to.)

TESTIMONY OF C. F. OSBORN,

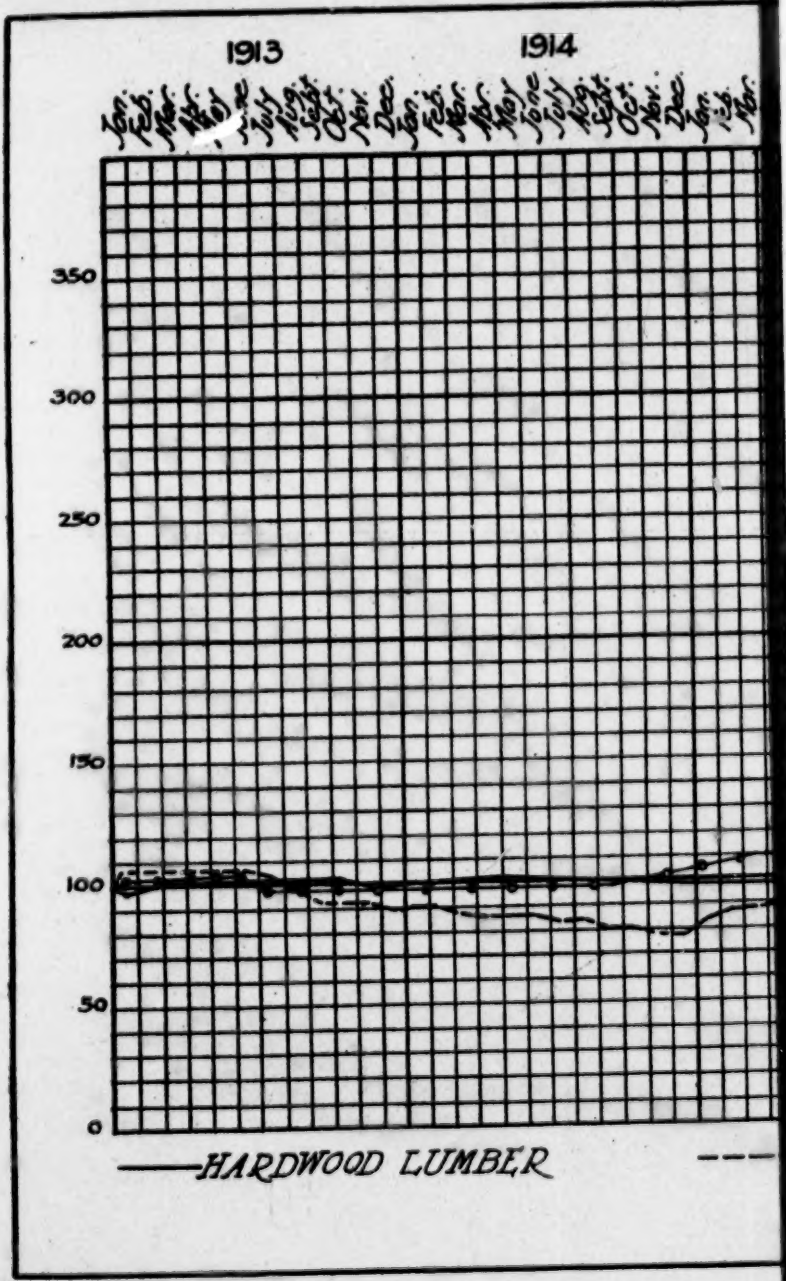
Chief Clerk, Bureau of Statistics.

(Record, Vol. 3, 1730.)

This witness filed certain data taken from the records of the Bureau of Labor covering relative prices from 1913 to January, 1920, inclusive, for quartered and plain white oak, maple, poplar, common brick and window glass.

The data Witness Osborn filed is printed in the record, Vol. 3, 1730. We have prepared a chart from the data submitted by Mr. Osborn, which discloses in graphic form that, whereas brick and window glass advanced almost continuously from 1916 up to and including January, 1920, hardwood prices for the items shown remained almost on the level from 1916 until about May 1, 1919. Thereafter the upward tendency was very rapid.

(Here follows chart above referred to.)


1913
1914
Jan.
Feb.
Mar.
Apr.
May
June
July
Aug.
Sept.
Oct.
Nov.
Dec.
350
300
250
200
150
100
50
0
HARDWOOD LUMBER

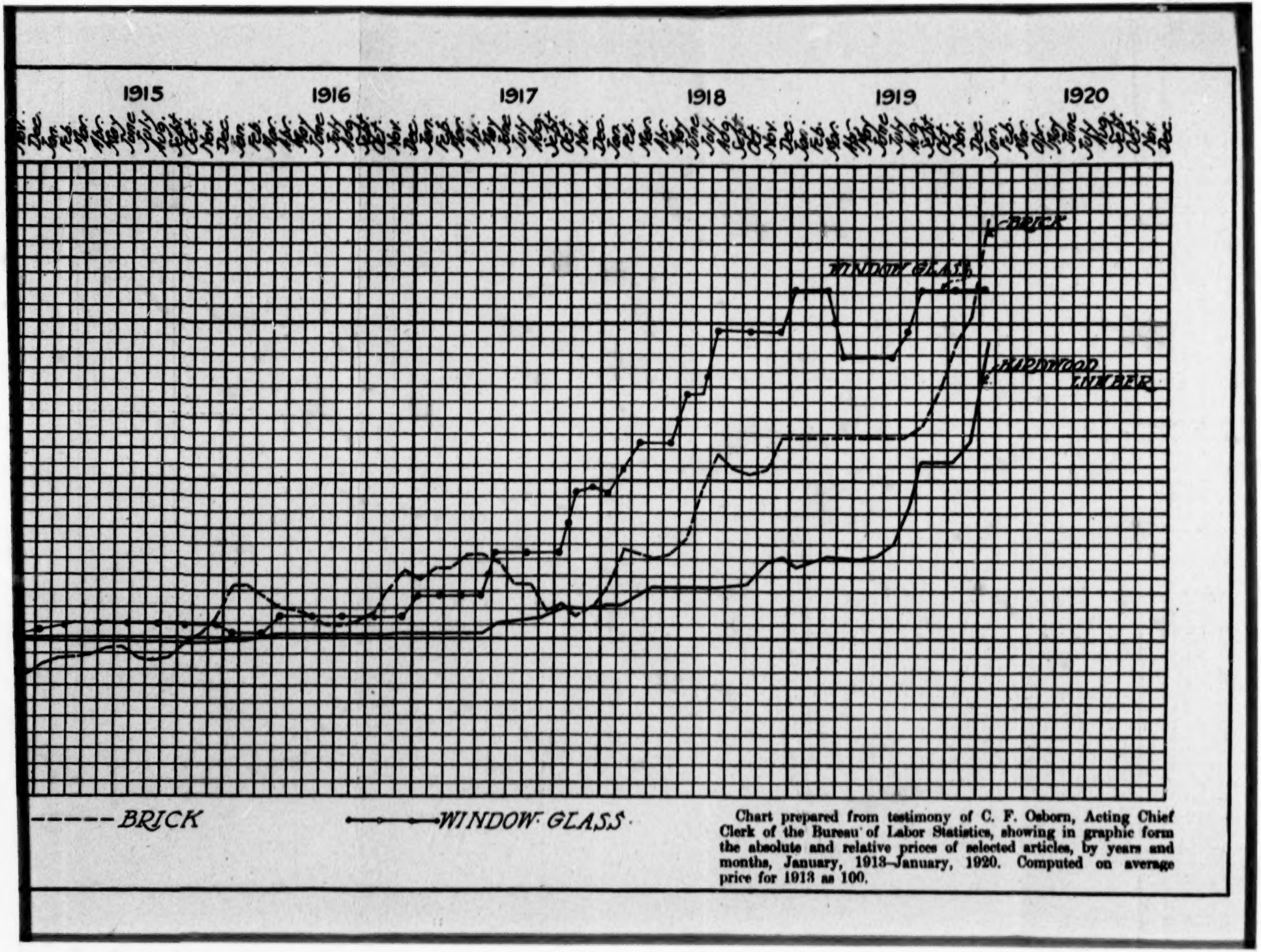


Chart prepared from testimony of C. F. Osborn, Acting Chief Clerk of the Bureau of Labor Statistics, showing in graphic form the absolute and relative prices of selected articles, by years and months, January, 1913–January, 1920. Computed on average price for 1913 as 100.

Testimony of Harold E. Everley.

(Record, Vol. 2, 1282-9.)

Mr. Everley was selected by the furniture manufacturers in the fall of 1919 to make an independent investigation of the conditions surrounding the production of hardwoods in the South. As a result of his investigation, a detailed and careful statement was prepared and submitted by him, wherein he discloses production conditions, discusses the price situation and the available future supply. The *crux* of this controversy centers in the charge that production was curtailed and prices maintained and enhanced. The testimony of this impartial witness is addressed directly to these problems. Nothing in this record is more convincing than this evidence and it is especially helpful in view of the fact that it is a statement from an agent representing one of the largest buyers of hardwood products.

This witness states:

"That he, representing the National Council of Furniture Manufacturers, an organization composed of manufacturers of furniture made out of hardwood products, recently made an examination of hardwood production in Southern producing territory for the purpose of advising his clients as to the causes of the shortage of hardwood products at this time, and the available hardwood timber supply for future consumption, and as a result of this investigation prepared a detailed report covering this investigation. That the facts stated in his report are the true conditions as he found them upon his investigation. * * *"

His report states:

"Possibly never before in the history of the lumber industry has there been the same degree of difficulty of production and the heavy demand for the product as is now being experienced by the hardwood producers of the Southern district. The *inability* of the lumbermen to increase produc-

tion and the fast *decreasing* available stocks on hand are being reflected by the nervous tension of the market and the climbing prices, greatly to the concern of both the consumer and the producer. * * *"

"Contrary to the general opinion of business men business did *resume* (after the armistice), and the tremendous *pent-up* demand for every conceivable article made of wood was let loose upon the market. The result was the consumers of lumber stampeded the market and very quickly absorbed all of the available hardwood lumber before the mills of the country had time to build up their stocks to pre-war conditions. The insistent demand for lumber depleted their already low stock, which, in the Southern district, could not be replenished, due to the unusually bad climate conditions that were greatly retarding operations. * * *"

"The rains caused a flood of the forests, logs were covered up with water and mud, railroad tracks and spurs became impassable owing to the soft ground under them. In many places they sank out of sight into the mire and muck which was soon formed by the weight of the logging equipment passing over them. Men and animals were compelled to wade in mud and water half way up their bodies, and in time even the most determined and strong-hearted men had to give up. It was a physical impossibility to continue work under the existing conditions. * * * Operations ceased to an extent that, at present, there are but very few mills in the whole Southern district in operation. * * *

"Production of logs has reached a point where it is only *25* per cent of normal with even a *less per cent of stocks of logs on hand*. The prospects for the resuming of logging are very discouraging, because of the continued unfavorable weather, and even under the best of conditions it will not be before April or May that logging operations can begin in any proportions. Because of the limited supply of logs on hand many mills that are now running will necessarily be forced to suspend cutting lumber because of the lack of logs, which are now unattainable. * * *

"Among some producers it is hoped that the increased output to follow the advent of favorable weather will help to produce an easier market condition, but, in this connection, it must be remembered that a heavier production will be accompanied by a corresponding expansion of demand for lumber that cannot be much longer deferred.

"Lumber mills cannot operate without logs. The lack of logs has prevented the manufacture of lumber on normal basis for several weeks and the present indications are that many mills will close in a very short time. * * *

"The present number of obtainable cars in the Southern territory for shipping logs and lumber is only *50* to *60* per cent of the normal requirements, which means that unless relief is speedily to be obtained, the shortage of lumber available for the manufacture of furniture and other products made of wood will continue in increasing proportions. * * *

"The apparent great shortage and growing difficulty of obtaining oak, gum, and other hardwood lumber produced in the Southern territory is due to the *inability* of the mill owners to produce a greater supply because of the extremely unfavorable *climatic* conditions that have prevailed over this part of the territory for months—*labor* difficulties, car shortage and a heavy and increasing demand which is taking the supply as *fast* as it is *produced;* conditions over which the lumber producers have no control. To infer that there has been or is now an effort on the part of the mill men to *voluntarily limit* or otherwise *influence production,* thereby increasing a shortage and causing higher prices and greater profits, would be to do them an injustice. Almost superhuman efforts have been put forth, in the face of the most discouraging conditions, to increase the supply of available lumber because of the insistent demand and the ever-mounting prices. * * *

"Some mills that are still producing lumber are sawing on a fast disappearing supply of logs that cannot be replenished. When these are gone they, too, must close, thus increasing the per cent of mills not in operation. * * *

"If no orders were accepted for several months it would provide an opportunity to accumulate dry and well-assorted stocks, but this condition cannot come as long as lumber demands are so insistent as they are at present. * * *

"One cannot go very far in the study of the present price situation until it is discovered that there have been fundamental causes at work, which have placed lumber prices where they are today, and until these causes are removed there can be no change in the present price level.

"There has been in the lumber industry, as in other industries, a big increase in the cost of operation, which has

been greatly aggravated in the Southern district, owing to the extremely difficult conditions under which the work has been carried on. Labor costs have increased 100 per cent. Labor that could be had for $1.50 to $2.00 per day is now receiving $3.00 to $4.00 per day. This labor is less efficient than that to be had formerly at one-half of present daily wage. The same proportion of increase has gone to other than common labor. There has been an increased cost of transportation charges, machinery, supplies, mules, feed, etc. Timber values have steadily advanced, as the supply has been steadily reduced and had to be obtained at greater distance from the lumber-cutting centers. At present from $50 to $60 per thousand board feet is not an uncommon price asked for gum and oak veneer logs. In former years these logs could be had for half this price. All these things must be considered by the manufacturer when endeavoring to establish a price for his product.

"Aside from the increased cost of production there is one other fundamental reason for the present price of lumber and this is the natural effect of the *law of supply and demand*, which mainly is responsible for present lumber prices. The *demand* is *greater* than the *supply*. In *justice* to the *producer* it must be stated that he is not *responsible* for the *present conditions*. His position has been largely that of a passive one, while the consumers of lumber have *made* the *prices* in accordance with their *necessity* for the product. When there is an *undersupply* of a given product and an unusual *demand* for that product, the *natural result* is *high prices*. Such is the present case of the high cost of lumber and until a supply is available which will more than care for the needs, present price conditions cannot change. Without a doubt the present price of lumber in comparison to the cost of production, high though it be, is all out of proportion, but the lumberman is powerless to change conditions until he can produce more in order to satisfy the increasing need. The producer, like the consumer, must submit to the governing principles of the law of supply and demand.

"The rapidly increasing prices of lumber naturally have been somewhat disconcerting to the lumber buyer who has not informed himself of the position in which the lumber industry found itself after the close of hostilities and the removal of Government restriction necessary during the

war. Possibly, it is only fair to say that lumber buyers, for the large part, have *created* the sudden rise in lumber prices. During the *five months* following the signing of the armistice an opportunity to buy lumber at low prices was offered. The consumers of lumber hesitated until a demand that exceeded the supply broke loose, which has resulted in the present market conditions. * * *

"When will lumber prices recede to a lower level is upon the minds of every user of this commodity. There is but one answer to that question, and this is, when the weather conditions in this section of the country permit an increased production and factors, such as a relief from the present car shortage and an increased amount of and more efficient labor may be had. When these elements, which largely control the present situation, can be made effective, the price level will gradually descend. Before that time comes the market may see still even higher prices, owing to the fact that the lowest point in production has not yet been reached in the Southern district. Thirty to sixty days will present the real crisis in the price level of lumber produced in this section. * * *

"It is of a general opinion among the lumber producers of this section of the country that in the next few months, with favorable lumbering conditions, there will be a gradual improvement in the production of stocks and a gradual readjustment of the relation of supply to demand. This condition will have a tendency to favorably affect prices. However, it is also the opinion of lumber producers that lumber will not return to old prices which prevailed before the war. Changes which have taken place in the world's economic structure make the return of former price conditions almost impossible. Also the fact that we are cutting our available supply of timber from two to three times faster than it is being produced is an important factor to be considered in connection with future lumber supply and prices.

"In conclusion, it might be stated that the whole situation of the Southern districts, in so far as the available lumber stocks and prices are concerned, is that production has been cut from normal condition to a point where it is not more than *45* per cent of normal, by the unfavorable climatic conditions which have prevailed for many months.

As a result, available stocks on hand are only *28* per cent of normal and are rapidly decreasing.

"And because of the small stocks on hand and the ever-growing demand for lumber which cannot be fully satisfied, the price has gone to levels far above anything either the producer or consumer expected, and that they may go even higher, due to the gradual diminishing production of lumber and stocks on hand in the face of the ever-increasing demand. Also, it is the honest opinion of the writer that there has been nothing done by the lumbermen to withhold production, thereby creating a shortage and increasing prices, but on the other hand it is believed they have done *everything* in their power to increase production in spite of all discouragements and that they *do not look with favor* on the prevailing high prices which may even reach a new high level.

"In consideration of present-day conditions of the lumber market, which are detrimental to all users of this product, is it not possible and would not some great good come out of a closer, more friendly cooperation between two great industries represented by the lumber producers and the furniture manufacturers?"

TESTIMONY OF DEFENDANT F. R. GADD.

(Record, Vol. 2, 1095 to 1244.)

(Here follows copy of a pamphlet, Gadd Exhibit B (R., Vol. 2, 1226), which was distributed to the members of the association in January, 1917. This pamphlet is a full and careful statement of the so-called "Open Competition Plan," the legality of which is challenged in the bill. It will be noted that the bill charges that the conspiracy started in January, 1919. However, the record proof, which is not in the least drawn in question, is that the plan was adopted in January, 1917, and began to operate March 1, 1917. In passing, it is proper to state that certain changes and eliminations have been made in the plan which are fully explained by witness Gadd.)

Draft of Proposed Plan for Establishing Open Competition Among Hardwood Manufacturers.

Prepared by Committee Appointed by the Board of Governors of the Hardwood Manufacturers' Association on December 15, 1916. Approved by the Board of Governors January 29, 1917.

"The purpose of this plan is to disseminate among members accurate knowledge of production and market conditions so that each member may gauge the market intelligently instead of guessing at it; to make competition open and above board instead of secret and concealed; to substitute, in estimating market conditions, frank and full statements of our competitors for the frequently misleading and colored statements of the buyer.

"This plan does not contemplate doing anything illegal or anything which might be developed into illegal acts. There is absolutely no agreement as to prices, either real or implied. There is no obligation, either real or implied, on the part of any member to charge any other price than what he himself thinks best. There is no obligation, either real or implied, on the part of any member to reduce, increase or change the character of his production in any other manner than he himself may think best. The plan will, however, furnish information to enable each member to intelligently make prices and intelligently govern his own production.

"It is illegal to fix prices by agreement and it is illegal to control production by agreement. It is not, and we are informed never can be made illegal for members to tell each other what they have done, what prices they have received, what prices they have quoted and what they have produced. By making clear what we propose to do and what we propose not to do, we feel that we have placed ourselves upon firm ground so far as the legality of our plan is concerned.

"The advantage of this plan as a matter of public policy must be self-evident. The advantage of a stable market to both the buyer and the seller is well known. A large part of the time wasted in arguing over prices and the various maneuvering on the part of both buyer and seller, one trying to reduce the price and the other trying to raise the price, wastes time and energy and results in a great variety of prices for the same kind and quality of lumber.

"The chief concern of the buyer, as we all know, is to see that the price he pays is no higher than that of his competitors, against whom he must sell his product in the market. The chief concern of the seller is to get as much as anybody else for his lumber; in other words, to get what is termed the top of the market for the quality he offers. By making prices known to each other they will gradually tend toward a standard in harmony with market conditions, a situation advantageous to both buyer and seller. The Committee does not expect this plan to result in one price for any one grade and the difference between even the same grades of various manufacturers is well recognized. It is contended, however, that in a very short time the extreme range of prices on any one grade will be materially reduced and eventually the prices obtained will be in direct relation to the character of the grade offered and the prevailing market conditions. This is all any of us can hope for.

"The open competition plan has been in operation in various industries with signal success. Manufacturers have learned that by helping their competitors they help themselves. They have learned that the low priced competitor makes the market and that the low priced competitor does not make such prices because he wants to be low priced, but because of either lack of information as to market conditions or because of an inferior product. Open competition gives the competitor that information which he has lacked and his desire to get the most possible for his product can be safely relied upon as sufficient incentive for him to get the market price. If his low prices are due to an inferior product or poor service to his customers, he will find it out when he tries to discover why his prices are not in line with his competitor's and through the general discussions at the regular meetings.

"There is more than one case on record where a large concern has at its own expense employed experts to put in cost systems for competitors, and to show competitors how to bring their products up to a high standard. They did it from no philanthropic motives, but because they knew that a poor competitor weakens the market and thereby reduces the prices at which they must sell their products.

"We will conclude by pointing out that all the fundamental principles of this plan are recognized as sound among leaders of thought and action in this country and that organization is no longer to be considered as a luxury, or as some-

thing to be considered after all trivial details of one's own business are disposed of, but as a necessity; an integral part of our business if we expect to progress with the world instead of being crushed out by better methods and better organizations, both at home and abroad. High government officials are urging and pleading with the business men of the country for organized effort.

"The Plan.

"The plan covers all Hardwoods, but it was deemed advisable to start with one wood only until the members became familiar with the workings and then to add other woods as rapidly as the secretary's office can arrange to handle the details of same. Owing to the fact that the wood most largely produced by all members is Oak, it was decided to start with Oak. The Oak is to be classified into Plain and Quartered, also according to thickness and also whether Red or White; these subdivisions in turn to be classified under the grades hereafter shown. Those members who do not divide their Red and White Oak at all or only in certain grades will report them as mixed and they will be classified in the Secretary's reports as White Oak.

"The grades for division are as follows:

"1s and 2s	No. 1 Common	No. 3 Common
"Select	No. 2 Common	No. 4 Common

"No. 1 Common and Select Sound wormy

"The Bill Stock will be classified as follows:

"Switch Ties, members will designate as to whether matched or unmatched.

"Cross Ties, with sizes designated.

"Crossing Plank.

"White Oak Car Stock.

"Mixed Oak Car Stock.

"Sound Square Edged Construction Timbers.

"Sound Square Edged Plank.

"All special grades are to be reported as such.

"Any grades not coming under the above classifications are to be reported for just what they are.

"Outline of Reports to be Made.

1. Production Reports.
2. Sales Reports; this means orders taken.
3. Shipping Reports.
4. Stock Reports.
5. Price Lists.
6. Inspection Reports.

Production Reports by Members.[1]

"Production reports are to be made to the Secretary monthly by each member with the grades and thicknesses classified as above set out. The monthly report is to be made out whether there is any production or not so that the Secretary's record will be complete and he may know at all times whether or not he has full data from each member. Report must be mailed by members not later than the 10th of each month.

"Production Reports by Secretary to Members.[1]

"The Secretary will send once a month to each member of the Association, a summary of the production for the previous month of all the members, sub-divided as to grade, kind, thickness, etc., this report to be mailed to the members not later than the 15th of each month and to cover the preceding calendar month. Production of each member is not to be shown separately.

"Sales Report.

"The sales report shall be made daily and show all sales and cancellations made that day. The report is to be made daily whether any sales or cancellations are made or not in order to make the Secretary's record complete. These reports are to be exact copies of orders taken and to include all sales large or small, and to include all special agreements of every kind in reference to price, grade or terms, whether the agreement is written or verbal.

"The members making sales to themselves or allied companies for flooring plant or other manufacturing purposes should report this to the Secretary, but it will not be included in the report to members.

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[1] This phase of plan was never put in operation. (Gadd, post 40.)

"Stock made from offal, such as slabs and edgings, is not to be reported. For the purpose of the Sales Report a carload shall be considered as containing 15,000 feet of rough lumber, 12,000 feet of Bill Stock or 20,000 feet of surfaced lumber.

"In reporting to the members the Secretary will divide the customers into two classes known as Class A and Class B. Class A shall include all wholesalers, retail yards, flooring plants, and all others who resell, excepting exporters, and may include those put in Class B by unanimous consent of the members.

"Class B shall include all consumers who do not resell the stock as lumber. It shall also include exporters.

"Class A reports to the members shall show the quantity, grade, kind and thickness, giving the name of the member selling, the name of the customer,[1] the price, the place shipped and F. O. B. what point price is made. If price is not F. O. B. destination the Secretary's office will adjust the price in reporting so that the report will show the price F. O. B. destination.

The reports of Class B shall be the same as Class A, with the following exceptions: The name of the customer and the place shipped is not to be shown on the Secretary's reports or to be known to the members without the consent of the shipper. In place of the actual destination the reports will show into what territory the lumber is shipped. The Secretary shall, however, give to each reporting member the price at which other members are selling any consumer, without giving the name of seller unless by consent of the seller. A member may write the Secretary of his desire to disclose the name of a customer he is selling, to others selling this customer without giving any names and after getting replies, the Secretary shall make disclosure of the name of the customer among those willing to have their names given to others selling this customer.

"Class A and B reports are both to be made weekly and mailed by Secretary not later than Saturday of each week and to include all sales up to Tuesday night of the same week.

"Sales to members for direct shipment are to be reported to the Secretary, but are not to be reported by the Secretary

[1] The provision requiring name of customer to be published was never put into operation. (Gadd, post 39.)

to the members. The reason for dividing the customers into two classes are, first, that the grade basis upon which lumber is sold to wholesalers and yards is more nearly standard and therefore the prices offer a better basis of comparison. Furthermore, the wholesalers and retail yards buy in the open market, are known to practically all the members and it was thought where there might be objection to giving the name of all customers at first, there would be no objection to giving the names of those included under Class A. The provision that any buyer can be placed under Class A by unanimous consent is expected to result in a gradual enlargement of Class A as time goes on and the plan opens up more fully by actual operation.

A number of members will object to immediately giving full information on those under Class B for the reason that many consumers use special grades and a good many manufacturers would feel that they were giving away trade secrets by disclosing this information. It is believed by the Committee that this objection will gradually disappear.

"Shipping Reports.[1]

"Shipping reports are to be made daily by members in the same manner and under the same provisions as govern reports of sales, to include exact copy of the invoice, all special agreements as to terms, grade, etc. Members having several mills may consolidate their reports as if they represented one plant. The shipping report should show the order number.

"The Secretary shall make monthly reports of shipment to all members, classifying them under A and B exactly as provided for under the heading of sales, this report to be mailed not later than the fifteenth of each month and cover the preceding calendar month.

"Stock Reports.

"Each member shall report monthly to the Secretary showing the amount of stock in each grade, kind and thickness on hand the first of the month. This report is to be made in three columns. The first two columns are to show

[1] This phase of the plan was never put in operation. (Gadd, post 40.)

the total stock on hand both sold and unsold divided into green and dry. The third column is to show the total stock of each kind, grade and thickness sold. In figuring carload orders the standard footage stipulated for each car shall be used in arriving at the number of feet sold. The division of lumber into green and dry shall be made according to the standards adopted by the firm reporting as to whether stock is green or dry enough for shipment. These reports are to be made as soon after the first of the month as is possible and should reach the Secretary's office not later than the tenth of the month.

"The Secretary will compile all reports into one report showing the individual stock of each member as reported and also a summary of all stocks green and dry sold and unsold.

"Price Lists.[1]

"Price lists are to be filed by each member with the Secretary at the beginning of each month. Prices are to be made F. O. B. shipping point on which members usually make their price lists. Changes of prices are to be filed with the Association currently as soon as they are made. It is not compulsory for any member to follow the price list or the changes which he reports to the Association.

"Not later than the tenth of each month the Secretary will send out a summary of these price lists showing the prices asked by each member and as soon as any changes are reported by any member this information shall be immediately transmitted by the Secretary to all members.

"Each member shall furnish the Secretary freight rates to all important markets from basing point in his price list.

"Inspection Reports.[2]

"An inspection service is to be established for the purpose of checking up grades as hereafter detailed:

"1. The chief inspector and sufficient assistants to do the work properly shall be employed by the Association to take care of mill and market inspection.

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[1] This phase of plan was never put in operation. (Gadd, post 39.)
[2] This phase was abandoned. (Gadd, post 39.)

"2. The purposes of the mill inspection service shall be as follows:

"(*a*) To check up the green graders and make a report showing a direct comparison between the mill grading and the Association grades on the same stock.

"(*b*) To get a check on grades and measurements of each mill on shipments to customers under Class A. The inspector shall make a report to the Secretary showing the grading of the mill on these shipments and also showing the Association inspector's grading on the same shipment. This report to go to all members.

"(*c*) The Association inspectors shall check up grades and measurements on shipments to customers under Class B when requested by any member and agreed to by the member shipping.

"3. The inspectors are to attend to the usual inspection duties as now carried on and to be rotated between different mills and market inspection work. They are also to be checked up by the chief inspector at frequent intervals and the chief inspector shall get them together at least once in sixty days for instructions. Members are to be advised of these meetings in advance and shall have a right to be present themselves or to send their inspectors. Upon special requests of members individual Association inspectors shall be made the subject of special checks under such restrictions as the Executive Grading Committee of the Association may deem advisable.

"4. The inspection work is to be at the expense of the Association and any extra expense of members caused by rehandling the stock is to be paid for by the Association.

"5. Special rulings by the Grading Committee on any points are to be sent to members promptly.

"6. Members are not to employ Association inspectors without the consent of the Grading Committee.

"7. It is not the purpose of the inspection to change any member's grading, or to instruct the member's inspectors to grade in any other manner than that desired by the member. The purpose is to furnish each member a basis upon which he can compare his prices with those of other members, thereby making the price reports more intelligible and accurate. It is of course intended that members' inspectors shall be fully instructed in the Association grades when desired by the members.

"Miscellaneous Provisions in Regard to Reports.

"The following basis of weights is to be used by the Secretary in figuring freights:

	Eastern territory.	Southern territory.
"Dry Oak	4,000	4,400
"Green Oak	5,500	6,000
"Timbers	5,500	6,000
"Ties	5,000	6,000
"Cross Plank	5,500	6,000

"The plan is designed for only those who are lumber manufacturers.

"Meetings are to be held once a month at Cincinnati or at points to be agreed upon by the members.

"It is recommended to the members that they let their office clerks make the reports direct without holding them for a personal attention of the members. This to save time.

"The Secretary is instructed to telegraph at the expense of members for any reports which are overdue. The Secretary will keep a list of all the members, with the time each report is due, based upon the mail service from the members' offices. All reports of members are subject to complete audit. Any member who fails to report is not to get the reports from the Secretary. In other words, members will only get such reports as they are contributors to at the time. Failure to report for twelve days in six months will cause the member failing to be dropped from membership. It is necessary that reports be made promptly and completely if the plan is to work successfully. It is intended that the regular meetings afford full opportunity for the discussion of all subjects of interest to the members.

"A monthly market letter will be sent to all members of the Association not later than the fifteenth of each month. In this the Secretary will point out changes in conditions, both in producing and consuming sections, the comparison of production, sales and shipments and, in general, an analysis of market conditions.[1]

"With the exception of the monthly market letter, all other information goes only to contributing members."

[1] This phase of plan was modified. (Gadd, post 36.)

(The foregoing is a copy of the plan as originally adopted. As indicated, it was modified as time developed its adaptability or lack of adaptability.

Witness Gadd was in charge for the association of the Open Competition Plan, having the title of manager of statistics. The importance of this witness' testimony is such that it is impossible to abridge same to any considerable extent. We ask the indulgence of the court for a rather liberal quotation from this branch of the record. The status of the industry touching its economic burdens and the practical working of the plan are here explained:)

"For the purpose of informing the court touching the peculiar and unique conditions which prevail in the industry in the territory indicated as to production and distribution, affiant states:

"(*a*) Hardwood species are quite numerous, to illustrate, there are oak, gum, chestnut, poplar, basswood, maple, beech, walnut, cherry, sycamore, birch, tupelo, ash, butternut, elm, cottonwood, hickory, and other species.

"All of these species grow in widely varying proportions and have different values of utility, and substantially differ in facility of conversion. They grow intermingled, there being no instance of pure stands of any one species, and because of this condition it is necessary in the conversion of a hardwood forest into lumber, to cut down and remove all varieties at the same time.

"The economies involved in sawing logs of the various species differ widely.

"It thus develops that at the initial stages the manufacturer of hardwood products is confronted with a very complex problem touching the most efficient and economic processes and practices in regard to the manufacture and marketing of the various grades and varieties of the commercial product produced from hardwood forests.

"The complexity of this general problem is illustrated by the fact that in the manufacture of logs of a typical hardwood forest into lumber there are produced more than 200 different grades, sizes and kinds of manufactured product.

"The subject of grading is therefore a vital problem in the industry. It is universally recognized by governmental

authorities and otherwise that there is imperative need of grade uniformity and standardization. In support of this statement, affiant attaches to his testimony, as Exhibit A, (R., Vol. 2, 1112-1226), Bulletin No. 114 of the United States Forest Service by William B. Greely, Assistant Forester, and calls attention to page 75, where the subject of grading is discussed."

(In passing it is proper to state that the Department of Forestry, in the report referred to (Gadd Ex. A., R., Vol. 2, 1196,) recognizes that only through associated effort among producers can the all-important problem of grade uniformity be achieved. In this connection let it be noted that the grade designates the value of the product).

"(*b*) Owing to the fact that hardwood lumber requires several months' seasoning before it can be shipped for commercial use, and owing to the large number of grades and kinds of grades and kinds of products referred to, proper information as to the needs of the market is vital, so that production may be changed from time to time and adjusted to the real needs of the consumers, so that overproduction of one item and the consequent underproduction of another item can be avoided.

This tends to stabilize the market by avoiding an overproduction of certain items and shortage of others, with the consequent inflation of the price of the items upon which the production is short, and the decreasing of the price of those upon which there is an excess supply, and makes necessary proper information which provides the means by which the character of the production may be closely adjusted from time to time so as to conform to consumption needs and at the same time to avoid a surplus production of items for which there is no need.

"This has intimate and direct relation to the conservation of the timber resources of the country, in which the public has a direct and material interest.

"(*d*) The methods of distribution of lumber are, broadly speaking:

"1st. Direct from mills to yards and factories.

"2nd. Through three types of middlemen.

"(1) The wholesaler who buys outright from the mills and sells to the yards and factories, shipments being made

direct from mill to consumer without being handled by the wholesaler. This is the most important type, because he handles the larger volume of production as a middleman.

"(2) The wholesaler who buys from the mills, receives, resorts, and regrades the lumber at his assembling yard and distributes it wholesale to the factories and others.

"(3) Commission merchants who secure orders from yards and factories and place these orders with mills, receiving for their services a percentage of the price secured.

"Because of these intermediate dealers there is not that contact between the manufacturer (and especially the small manufacturer) and the consumer necessary to a proper understanding of the needs of consumption. Under these circumstances, in the process of distribution without necessary market information, producers are at a disadvantage with the intermediate dealer, who purchases from the producer at the lowest possible price and sells to the consumer at the highest price which consumption needs make possible. Thus the producer is compelled to sell his product with practically no other information than what he obtains from the buyer; but, the wholesaler buyer in turn sells the same lumber with full understanding of market conditions, and this because of his close contact with the market.

"This disadvantageous position of the manufacturer is further emphasized when his remoteness from the centers of consumption is taken into consideration.

"The hardwood lumber industry in 1912 comprised between 12,000 and 15,000 independent units. These units were scattered over practically the entire United States east of the Mississippi River, and west of the Mississippi River in the States of Missouri, Arkansas, Louisiana and Texas. These units are, for the most part, isolated from one another and remote from centers of consumption, which centers are largely located in the Northern States east of the Mississippi River.

"The mills are, in a large measure, small producing units, having no marketing facilities of their own, but sell their product at the mill door.

"(*g*) There is no source, governmental or otherwise, to which the hardwood manufacturers can go for information to aid in the solution of their industrial problems. In this the hardwood industry is differently situated than is the farmer, stock raiser and cotton grower. In view of the fact

that there was no source of information to which the hardwood manufacturers could go, they were compelled to devise a method of approach among themselves, and the association method was the means adopted. * * *

"As a result the Open Competition Plan was evolved and adopted on March 1, 1917.

"It is proper to state that certain phases of the plan as originally adopted never became operative, and further, certain changes were made in the plan as time developed the need. This statement will be fully explained.

"Immediately following the adoption of the plan it was presented to the Federal Trade Commission and fully explained. After the presentation was made the commission suggested some changes in the plan, which changes were adopted. The commission further suggested that a copy of all the reports issued under the plan be filed not only with the commission but with the Department of Justice, and this for the purpose of keeping the Government advised as to the activities of the association.

"In addition, the commission suggested that a brief be filed with it, as well as with the Department of Justice, explaining the purpose of the plan. To this end, counsel was employed, who prepared such brief and filed same with the commission. Said brief, as per the request of the commission, was filed with the Department of Justice. (Copy of the brief referred to is filed with Mr. Gadd's testimony and marked Gadd Exhibit "C," not printed.)

"Since the hearing before the commission in April, 1917, sales reports and other data issued under the plan have been regularly filed with the Federal Trade Commission and with the Department of Justice.

"From March 1, 1917, to December, 1918, the plan went forward under the auspices of the Hardwood Manufacturers' Association. At this latter date there was an amalgamation between the Hardwood Manufacturers' Association and the American Hardwood Manufacturers' Association, which was an association of hardwood producers, with headquarters at Memphis. These two groups had an intermingled membership and were doing more or less the same character of work, save and except, the American did not have any Open Competition Plan as here described. After the amalgamation in December, 1918, the Open Competition Plan went forward under the auspices of the American Hardwood

Manufacturers' Association, and this in the same manner and for the same purpose as it had theretofore functioned under the Hardwood Manufacturers' Association. The American continued to file reports with the Federal Trade Commission and the Department of Justice and in all things conducted the plan as theretofore. Affiant, who had theretofore been in charge of the plan while the Hardwood Manufacturers' Association was active, continued in the same capacity when the two associations were amalgamated.

"The plan in brief comprehends the following activities:

"(*a*) The members subscribing to the plan send to the manager of statistics a copy of all orders taken, after the transaction is closed.

"(*b*) This data is compiled and redistributed to the subscribers to the plan in a weekly sales report.

"The report is issued Thursday of each week, and includes reports received in the association office from Monday to Saturday inclusive of the preceding week. The report reaches the members from one to four days after date of mailing, depending upon the distance of the members from the association office. It takes from one to four days for the reports to reach the association office. Thus it will be seen that the compiled reports as finally received by the member, comprehends sales which had been made from one to three weeks prior thereto.

"This report is sent to the United States Forest Service, the Federal Trade Commission, the Department of Justice and such students of economic conditions as Babson, Brookmire, Dun's Review, Bradstreet, etc.

"(*c*) The subscribers to the plan and all other members of the association file with the manager of statistics an inventory of the stocks on hand at the mills at the end of each month.

"(*d*) This data is compiled, showing totals of all grades, thicknesses and kinds and redistributed monthly to all members of the association, but it shows only totals, and does not show the quantities in the hands of the individual manufacturers. However, any buyer, be he a member of the association or not, factory consumer or otherwise, may have detailed information as to the location of the various items of stock upon application to the association offices, thereby giving consumption needs essential information, thus serving both manufacturer and consumer.

"In addition to the reasons already indicated as to the value of the stock reports, it informs the members as to the character of the stock of which the supply is shortest, whereby production can be accentuated upon that species, grade and thickness.

"(*e*) Monthly group meetings are held in the various regions of production. These group meetings are held respectively at:

"Cincinnati, Ohio.

"Memphis, Tenn.

"New Orleans, Louisiana.

"Little Rock, Arkansas.

"The reason for holding the meetings at these points is to convenience the members attending.

"Prior to the holding of these meetings, a questionnaire is sent to the members. Affiant, upon the return of these questionnaires, compiles the data as a monthly market condition report, and a copy of the report is mailed to all members of that group."

"In explanation of the answers to the questionnaire as contained in the above-mentioned market condition report, affiant says:"

"Question Nos. 1 and 2 are as follows:

"No. 1. From what class of customers are your inquiries coming, and what per cent of your total inquiries come from each class?"

"No. 2. From what class of customers are your orders coming and what per cent of your total orders come from each class?"

"The answers to these questions discloses in what industry and lines of trade business is most active."

"Question No. 3:

"Check off from the following list how long it will take you to ship out total orders on hand working under normal conditions, and assuming that all orders you have on your books are ready for shipment?"

"The answer to this question obviously discloses the amount of unfilled orders on hand, and, taken in connection with the answers to the other questions, gives a composite picture of market condition."

"Question No. 4:

"What was your total production of hardwoods during the month of —?

(Here is named the month which the report is to cover.)

"What do you estimate your production will probably be for — months?

(Here is mentioned the two months following the month mentioned in the former question.)

"The answers to this question are compiled in such a form as to show the normal production of each mill, its actual production for the month in question, and the percentage its actual production was of normal.

"The report further shows the estimated production of each mill for the succeeding 60 days and the percentage which the estimated production is to normal production. There is also compiled a comparative summary showing the current and previous months. This summary covers all the territorial groups comprehended in the plan. An examination of these summaries will disclose that the estimated production in practically every instance is in excess of what the subsequent figures show was actually realized.

"It will be further noted that the data thus collated represents only those mills that answered the questionnaire, and comprehends but a small percentage of the mills within the territorial group. The percentage figures of production are based upon the mills actually reporting, and not upon the total productive capacity of the territory.

"Question No. 5:

"What is your total present stock of hardwoods, sold and unsold? What part of your present stock of hardwood is unsold?

"The compiled answer to this question shows in the first column the normal stock of the mill reporting. By normal stock is meant six months' normal production. Experience has demonstrated that at any given time there will be on hand a quantity equal to the production for the previous six months, this arising from the period required to season it.

"The second column shows the actual stock on hand, sold and unsold, and the third column shows the actual stocks on hand unsold. The fourth column shows the percentage of actual total stocks on hand to normal total stocks, and the

fifth column shows the percentage of unsold stock on hand to normal total stock.

"There is also included in the report a summary of the totals under each column for the current month and the previous months for the purpose of comparison.

"Question No. 6:

"Are your labor conditions any different from 30 days ago? Are they better or worse? What caused the change, if any?"

"The purpose of this question is obvious. It will be noted that an effort is made to get the reason for any change in labor conditions in order that the members may have a more accurate understanding of this problem.

"Question No. 7:

"How is the car supply at the present time; better or worse, as compared with 30 days ago? What per cent of your requirements are you getting?

"Question No. 8:

"How are your collections? Are they better or worse as compared with 30 days ago?

"Question No. 9:

"What per cent of normal for this time of year is your present supply of logs banked ahead of the mill?

"Question No. 10:

"Do you expect to be shut down within the next few months on account of the shortage of logs, or for any other reason? If so, please state how long mill will be idle.

"Question No. 11:

"What is your view of market conditions for the next few months? What is the general outlook for business? State all reasons for your conclusions.

"In the light of the answers to the questions as above outlined, the members present discuss the various subjects developed by the answers. There is an open and free discussion wherein it is sought to suggest remedies for those conditions that are unsatisfactory."

"In addition to the subjects outlined in the special market condition report prepared from the questionnaire, many other subjects are discussed at these group meetings pertaining to the problems of the industry. General minutes are kept of the subjects canvassed. By this is not meant a steno-

graphic report, but topical heads are indicated in the minutes."

(COMMENT.—There is printed in the record and marked Kyser Exhibit 1 (R., Vol. 1, 92-223), a copy of the minutes of the group meetings held during the year 1919 and the months of January and February, 1920.)

(In connection with these group meetings and the minutes as above described there is also printed in the record and marked Gadd Exhibit E (R., Vol. 2, 1234-36) a copy of the blank questionnaire that is sent to the members prior to the holding of one of these group meetings, which the members fill out and return to Mr. Gadd.)

(The Government introduced Kyser Exhibit 2 (R., vols. 1 and 2, 224-1052), which comprehends in excess of 800 pages of the record, copies of the questionnaires and compiled answers covering the year 1919 and the months of January and February, 1920, being the full period of the alleged conspiracy.)

(There will be found in the appendix (page 240) six charts disclosing in graphic form the estimate as compared with actual production as disclosed by the monthly group meeting market condition reports.

There will also be found in the appendix (page 241) two charts and a tabulation compiled from the monthly group meeting reports disclosing the wide range of production during the year 1919.)

(The group meetings at which this market condition report is reviewed is open to the public. The trade press and local newspapers are frequently represented, and quite frequently competitors who are not members of the Association, as well as consumers of hardwood lumber, are present and participate in the discussions.)

"In other words, there is nothing secret about the meetings—the subjects discussed are of general industrial interest. It is fair to state as clearly within the fact, that there rarely has been a group meeting of the Open Competition

Plan held at any time or place that was not substantially represented by manufacturers and other people who were not members of the Open Competition Plan."

"And, in this connection, affiant says that there were no executive or secret meetings of any character growing out of the group meetings or otherwise; whatever has been done has been done along the lines here indicated, and not otherwise."

(In the appendix to this volume, page 170, we submit an analysis of the statements made at the group meetings as same appear in the minutes.)

(There is also produced in the appendix, this volume, page 201, two statements which accurately disclose the membership in each territory and the attendance at the group meetings.)

(*f*) "From time to time affiant prepared a market letter, which is attached to the weekly sales report, and published on the front page of the sales report for the week in which it is written. Said letter is general in character and is largely a literal copy or an adaptation of statements made by students of industrial conditions, such as Babson, Brookmire, Dun's Review, Federal Reserve Board, editorials of trade papers, etc. Copy of the character of data from which affiant collated his excerpts is filed as Gadd Exhibits G 1 to 12, inclusive. (Not printed.)

"In some of these letters affiant made an analysis of the monthly stock report and monthly market condition report. In doing so, nothing is done other than to analyze the facts as actually disclosed by these reports.

"The original plan provided as follows:

" 'Part of the plan is a market report letter to be gotten out monthly. This will give the committee's idea of the market; will point out changes in conditions, both in the producing and consuming sections; the comparison of production and sales, and, in general, an analysis of the market conditions.' "

"The provision that the letter will give the committee's idea of the market never became operative. On the contrary, the preparation of the market letters was turned over to affiant, who wrote them at his own initiative, without sug-

gestion from or understanding with any member or members or any other person or persons.

"The plan as originally made was further deviated from in that the market letters were not issued monthly as originally provided, but were issued at irregular intervals. Affiant's sole purpose in sending out market letters in connection with the weekly sales reports, when he did send them, was to give his personal expression and understanding of industrial conditions not only in hardwood lumber, but in many other lines as well. These market letters were written with no thought or intention on his part to bring about any common understanding or agreement between the members of the Open Competition Plan for the purpose of maintaining or enhancing prices, or controlling production, or of accomplishing any result other than to give the members the information as to market conditions.

"It would extend this affidavit to too great length to undertake to detail the preparation of these market letters. Affiant refers, however, to the market letter attached to the sales report of February 15th, 1919 (R., Vol. 2, 1061), wherein the phrase, 'evil practices' occurs, and to which direct reference is made in the bill of complaint.

"Affiant denies that the phrase 'evil practices' as used by him in said letter, had any reference whatever to the competitive price problem. He further denies that there was any purpose or intent on his part by the use of the phrase 'evil practices,' to further any scheme, understanding, or agreement looking to maintaining or enhancing of prices; the sole purpose being to direct the thought of the members to these practices in the belief that provoking thought and discussion thereof would tend to their elimination, and this had no relation whatever to competitive prices, a matter over which the members exercised absolute freedom of action. The true meaning of this phrase will be made manifest by a reading of the entire letter. Immediately preceding the phrase 'evil practices' affiant was calling members' attention to trade abuses, a problem well understood by the members, and the phrase 'evil practices' obviously had no other meaning than as to trade abuses. To illustrate: trade abuses comprehend such matters as grade manipulation which reflects injuriously upon the industry."

"Affiant also desires to make reference to the letter of February 3, 1919 (R., Vol. 2, 1057), to the effect that members learned that they can "safely depend upon their fellow manufacturers to a much greater extent than they thought possible, without serious loss." The pleader assumes that this language had reference to some illegal phase of cooperation, whereas the language simply referred to the possibility of frank discussions without fear that improper use will be made of the information obtained in the meeting. Such improper use would consist in following up sales made by competitors, or using information obtained in the meetings in reference to competitors' grades, policy, etc., for the purpose of taking advantage of a competitor in making sales."

"In collecting and distributing the data that went into the weekly sales report, the stock report, and the monthly market condition report, he did so without any purpose on his part of creating or contributing to any scheme, understanding or agreement among the members of the Open Competition Plan or between them and himself whereby prices were to be maintained or enhanced; that the information contained in these reports is for no purpose other than to give the members a correct understanding of market conditions."

"Not only did he have no understanding regarding price maintenance among members of the Open Competition Plan, or any scheme, directly or indirectly, touching enhancement of prices, but that he never heard, directly or indirectly, of any such understanding among the members or any of them, and this as to the group meetings or otherwise.

"That he believes if there had been any such understanding or conspiracy as is charged in the bill among the defendants, or any of them, he would have known or heard thereof."

(In the appendix to this volume, page 203, we submit an analysis of the 26 market letters distributed during the period of the alleged conspiracy.)

(There is filed in book form a volume of the weekly sales reports for the year 1919. This volume comprehends 49 weeks of sales data and is marked Gadd Exhibit H. Also

the weekly sales reports for the month of January, 1920, and marked Gadd Exhibit I. (These two exhibits are not printed in the record.)

(There is also filed a bound volume of the monthly stock reports for the year 1919 and the report for the month of January, 1920, and marked Gadd Exhibit L (not printed).

At this point, to the end that there may be no confusion, it is proper to call attention to the circumstance that the Government's Exhibits A and B (R., Vol. 1, 33-35), comprehends the sales reports for January 25, 1919, and January 31, 1920, thereby throwing into relief the increase in prices as between January, 1919, and January, 1920, omitting entirely the wide range of fluctuation that developed in the sales reports for the intervening period.

The Gadd Exhibits to which reference have been made, to wit, H and I, comprehend all the sales reports distributed during the period of the alleged conspiracy and Gadd Exhibit L comprehends all of the monthly stock reports for the same period.

"There is filed and marked Gadd Exhibit J (R., Vol. 2, 1237) a compilation, showing high and low prices shown in each report covering one-inch No. 1 common lumber, which is a fairly typical grade, and showing this grade in six different woods, which are typical species of the whole. This exhibit discloses a wide variation of prices received during the same week by members for the same species, grade and thickness. For convenient comparison this data is set out on charts, which are filed as Gadd Exhibit K, 1 to 6, inclusive."

(These charts are not reproduced in the record. We reproduce the charts in photographic form in the appendix to this volume, page 231.)

(There is also filed Gadd Exhibit O, 1 to 16, inclusive. These are charts compiled from the sales data and monthly stock reports showing the range in the actual average sales price and stocks on hand. These charts are not reproduced

in the record. We reproduce the charts in photographic form in the appendix to this volume, page 234.)

(At the conclusion of Mr. Gadd's testimony reference will be found to additional charts and tabulations which appear in the appendix to this volume, and which further illuminate and explain the sales and stock data.)

"The Open Competition Plan as originally adopted provided for inspection reports. This phase of the plan is covered in the original report of the committee which has been attached hereto as Gadd Exhibit B (printed in this vol., page 23). The report sets forth in a brief way the organization of the inspection department, and the work which it is to perform in connection with the Open Competition Plan. This inspection work was designed to further the work of the association to accomplish grade standardization. The inspection work done in the first year of the operation of the plan under the Hardwood Manufacturers' Association of the United States accomplished much in the direction of grade standardization. During the second year of the plan, the association inspectors were engaged in Government work, and thereby the association was prevented from carrying on this phase of the plan. During the year 1919 but little was done in this regard by the American Hardwood Manufacturers' Association, because of the necessity of first organizing an inspection department, and also because the finances of the association were inadequate to provide for a sufficiently large corps of inspectors.

"As time developed and the plan was put to the test of experience, the association voluntarily discontinued certain of the elements contained in the original plan. The phases discontinued were:

"1. It will be noted that the plan as it originally stood involved publishing the names of the customers in the report to the members. This phase was voluntarily discontinued, as it was found that some of the members objected to publishing the names of their customers.

"2. The original plan contemplated the publication by the association of a price-list statement. Many mills publish currently their own price lists which they furnish to their salesmen and distribute to their customers. It was originally

thought advisable to assemble the various price lists as published and redistribute the price list data, indicating the going-asking price of the mills. This phase of the plan was discontinued, because it was found that many members did not publish price lists regularly and the information was not sufficiently complete to be representative information.

"3. The original plan called for a monthly report of production by each member, with the grades and thicknesses. This report never became operative, because the information was not available from a sufficient number of mills to give the report any real value.

"The original plan provided for report of shipments. This was never put into operation, because it was found impracticable to require the report from the member, and, further because it was intended to be used in connection with the production report above mentioned, which report was discontinued.

"4. The average-price column as shown in the earlier reports of sales was discontinued about July 1, 1919, as well as a report which was a compilation of all average prices. The average-price column appearing in the sales reports since about July 1, 1919, is an average of current sales placed alongside the details of the sales, and such average appears only when two or more sales of the same grade and thickness appear in the report. The purpose of this average price is to have statistics showing the trend of the market and for use in charting said statistics.

"5. The arrangement of the columns in the sales report was changed at the same time so as to make same more readable and understandable. In the price column is now shown the gateway equivalent of the realized price at destination instead of showing the average price at destination. The purpose of the gateway price is to put all prices on a common basis for comparison. Comparison of the actual prices received at point of delivery is not possible, because of difference in freight rates to different points. Therefore, it is necessary to make comparison on some common basis in which the freight difference is equalized. Formerly the average price was projected to destination on the particular sale involved, and comparison made thereon, but, since the discontinuance of the use of the average price as above explained, all prices are projected to their gateway equivalent, so as to put them on a common basis without involving the use of an

average price. This equalization has to do solely with differences in freight charges and nothing else.

"6. A further change was made in the plan January 1, 1920, by publishing in the reports the date the sale was made. This date is the actual date the order was accepted at the home office by the company making the sale. This is in harmony with the policy of making the statement of facts in the report as clear and complete as possible, and has the effect of making the information more accurate, as on a changing market the date of the transaction is a factor.

"There are no penalties involved in the plan. If a member of the plan concludes that he does not wish to continue reporting his sales, which circumstance has happened on frequent occasions, he can refuse, and there is no criticism offered touching such course. If this action is taken, the member thereby ceases to receive the sales reports. He still continues, however, his membership in the association. In other words, if a man does not make the reports he does not get the compiled reports in return.

"Not only is there no penalty involved for not making reports, but no criticism is offered or penalty imposed touching any price which a man may charge for his product. In other words, each member is free to dispose of his lumber at any price he pleases, and at no time, neither at the group meetings nor at any other time is his conduct brought under review touching the price which he may have received.

"There is no charge or extra association fee required of members participating in the plan.

"The American Hardwood Manufacturers' Association comprehends a membership of some 400 members. Cooperating under the Open Competition Plan, which is a part of the association work, there are approximately 340 members. That is to say, not all of the members of the association participate in the plan.

"There is no classification as to type or size of mill touching the right to join the association or plan. In other words, the small man comes in on the same terms as the big man—each man getting the same character of service.

"The manager of statistics, to wit, the affiant, at no time, by direct or indirect suggestion, makes intimation as to the price phase. In other words, all the affiant does is to record the facts and redistribute these facts as he receives them from

the members, and at no time does he indicate or offer suggestion or criticism as to price to be asked or stocks to be created, nor as to prices which have been received or stock which has been created. And, in this connection, the same can be said of the association itself, its officers, its committees or any of its members as far as affiant is informed. In other words, that which affiant wishes to make clear is that every member co-operating under this plan is as free to do as he pleases in the conduct of his business as if he were not a member of the plan or of the association, and each member is so advised.

"Nor is any member under any expressed or implied obligation to sell his product at any price other than that arrived at by his own judgment.

"Affiant says that along in April, 1919, he conceived the thought that it would be a good idea for him to devise ways and means to increase the membership of the Open Competition Plan. At that time there were a large number of members of the American Hardwood Manufacturers' Association that did not co-operate under the plan. With a view to 'boosting' the plan he wrote letters to all members of the plan, eliciting expressions of approval. Approximately 50 members of the plan replied. Excerpts from certain of these replies have been used in the bill. In this connection affiant files herewith as Exhibit M 1 and 2 (R., Vol. 2, 1055), copies of the letters that he sent out whereby he elicited replies; also entire file of replies as received by him, which file is marked Exhibit N.

"It will be seen from reading the letters as a whole that they do not reflect any agreement, conspiracy, combination or understanding between the members as to maintaining or enhancing prices, but simply that some of the members were benefited by reason of the fact that they had access to information reflecting actual market conditions."

(In the appendix to this volume, page 220, we submit an analysis of the booster letter file.)

"Affiant files herewith as Exhibit U (R., Vol. 2, 1244), statement showing the number of mills represented in the Open Competition Plan in each State, and showing also their production for the year 1918. The compilation shows there are 119 mills which produce less than a million feet an-

nually; 178 mills producing between one and five million feet annually; 84 mills producing between five and ten million feet annually; 36 mills producing between ten and twenty million feet annually; and three mills producing twenty million feet and over annually.

"That during the early part of the year 1919, when the activities of the Industrial Board of the Department of Commerce of the United States had their inception in an effort to put into effect the price reduction and stabilization plan, called to the attention of the Government by W. M. Ritter, president of the W. M. Ritter Lumber Company, one of the defendants in this cause, that affiant co-operated in this price restriction and stabilization movement in all the ways that were available to him, and, among other things which he did in this connection, and with that purpose in view, was the printing and distributing to all of the members of the Open Competition Plan the original official announcement by the Industrial Board of its creation and organization and the purposes to which it had addressed its activities, namely, the securing of lower price levels in all the basic industries, with a view to stabilizing market conditions and bringing about alleviation of the widespread unemployment situation throughout the nation through the general resumption of industrial and business activities which it believed would result from a general adoption of all basic industries of prices materially lower than those prevailing at the time.

"The said reprint of the said pronouncement of the Industrial Board was embodied in the market letter accompanying the sales report under date of March 15, 1919, which is herein exhibited (R., Vol. 2, 1065).

"That in the month of June, 1919, the suggestion was made by some of the members of the Open Competition Plan in the Memphis territory that weekly meetings be held, and that, in view of the unstable market conditions prevailing at the time, that weekly reports of unusual sales be circularized to the market, as early as possible after the receipt of information at the association offices without awaiting the delay incident to the printing and distributing of the sales report in the usual way; that such information was to the best of his recollection in only two instances circularized under dates of July 11 and July 19, 1919. Copies of said circulars are marked respectively Gadd Exhibits P-1 and P-2 (R., Vol. 2,

1238-40); that affiant in regard to this departure in association work deemed it proper to consult the counsel of the association, and on the 17th day of July, 1919, he addressed a letter to L. C. Boyle, the attorney for the association, in regard to this matter, a copy of which is attached and marked Gadd Exhibit Q (R., Vol. 2, 1240-1).

"Under date of the 30th day of July, 1919, the said Boyle, attorney for the association as aforesaid, answered the letter, and a copy of said letter is herewith attached marked Gadd Exhibit R (R., Vol. 2, 1241-3), from which it will be seen that the said attorney recommended the discontinuance of the circularizing the said information as aforesaid.

"Affiant says that even before he received said letter, it had been determined to discontinue the said weekly meetings and the sending out of the said circulars, and the said weekly meetings were immediately discontinued and have not since been held.

"Affiant further says that these activities herein described were confined entirely to the Memphis group, were never inaugurated in any of the other groups of the Open Competition Plan, and were as aforesaid promptly discontinued by the said Memphis group after one or two meetings and the distribution of the said two circulars aforesaid.

"As further indicating the extreme solicitude of those conducting the affairs of the association, affiant further exhibits as a part of his affidavit a copy of a letter dated November 17, 1919, from the Secretary-Manager, J. M. Pritchard, to L. C. Boyle, counsel for the said association, and a letter from said Boyle to said Pritchard, dated November 28, 1919. Both of said letters are marked Gadd Exhibits S (R., Vol. 2, 1243) and T (R., vol. 2, 1244) to this affidavit."

REFERENCES TO APPENDIX.

(*a*) Current average of sales.

(We submit appendix, this volume, page 232, seven statements which disclose the current average of sales for one-inch lumber for all of the important species as compiled, printed and distributed in the weekly sales reports. On these statements we have also shown the relative price of each item for each week, computed on the basis of the cur-

rent average price January 25, 1919, or the first sale thereafter as 100.)

(*b*) Prices on certain items declined during the period covered by the bill.

(It is the theory of the bill that the publicity of market information in the sales report was indulged for the purpose of enhancing prices. The record discloses much evidence to the effect that during the spring of 1919, when demand had not reached its volume, prices on many items declined. As specifically illustrating this circumstance, we submit appendix, this volume, page 236, four charts, which disclose the range of price on one-inch No. 1 common sap gum, which is a typical thickness, grade and species. These charts clearly indicate the price movement up and down.)

(*c*) To whom hardwood lumber was sold by the members during 1919.

(Much of the evidence is to the effect that the larger volume of production is sold to wholesalers or middlemen. This class of buyers, as a rule, purchase their requirements from the smaller mills who have no sales organization, and the seller is at the mercy of the buyer as to market information touching stocks and prices. We submit appendix, this volume, page 238, a chart that discloses, in a graphic way, the sales made to the various classes of buyers during the year 1919 as disclosed by the weekly sales reports (Gadd Ex. H) and also the percentage of sales by types of mills to wholesalers for the same period.)

(*d*) Monthly stock report analysis.

(We submit appendix, this volume, page 239, a statement that has been compiled from the monthly stock reports for 1919 (Gadd Ex. L), showing the monthly relation for identical mills of stocks on hand taking January 1, 1919, as 100 per cent. The figures denote thousand feet. This

tabulation discloses the decrease of stocks from January, 1919, to January, 1920, and bears on the question as to the volume of hardwood products available in face of the ever-increasing demand that developed. This decreasing condition of stocks, as shown by the evidence, was due directly to production conditions and the abnormal demand.)

Here follows the testimony of forty-six defendant witnesses.

Testimony of Defendant W. M. Ritter.

(Record, Vol. 2, 1262-1281.)

(The testimony of this witness is of very great value, in that it discloses efforts on his part for the inauguration of a plan among hardwood manufacturers to reduce prices, which is the very antithesis of the charge in the bill.)

President of the W. M. Ritter Lumber Company since 1901; is a practical saw-mill operator for more than 25 years, during which time has been a student of the hardwood industry and its problems.

The Ritter Lumber Company since March 1, 1917, when the Open Competition Plan was inaugurated, has been an active participant in said plan.

From his personal knowledge witness knows that there was nothing contemplated in the Plan other than appears in the printed statement of its purposes.

Has no knowledge of any unlawful purpose to be accomplished by the Plan and knows of no agreements other than those clearly expressed in its outline.

As an evidence of the fact that the Ritter Lumber Company was not involved in any unlawful conspiracy, as charged in the bill, witness submits the following:

In January, 1919, the country generally was in the thrall of a period of industrial and commercial and business stagnation. Unemployment was wide-spread and menacing. * * * Hardwood lumber not being primarily a war product, the average production thereof during the war fell to

about 60 per cent of normal. Such hardwood lumber as was produced, so far as possible, was, broadly speaking, produced with reference to use for war needs and not adaptable to peace requirements.

On account of witness' official connection with the War Industries Board he was familiar with and helped to formulate the Government's policy in regards to priorities, and this notwithstanding the fact that such priorities practically prohibited the use of hardwood lumber in house building, furniture manufacture, and other non-essential industries.

His connection with the War Industries Board was as Assistant Commissioner of Finished Products. He gave considerable study to possible post-war conditions, and he continued this study after the armistice. Due to his familiarity with the situation he brought to the attention of certain Government officials and members of the President's cabinet, during the period of general business stagnation after the armistice, a comprehensive plan for adjusting from a war time to a peace time basis, the basic idea of the plan being to secure reduction in the price of basic materials and this by co-operation and agreement between the producers and the Government. As a result of his conference with the Government officials, the President, who was then in Paris, was requested to and did authorize the appointment of a board to endeavor to solve the problem of the post-war stagnation.

(Copies of cablegrams from Secretary of Commerce Redfield and Secretary of Treasury Glass to the President, urging him to this action, are printed in the record, Vol. 2, pages 1275-1276.)

The plan was inaugurated by the appointment of the Industrial Board of the Department of Commerce, and for a considerable period of time this Board devoted its labors in an effort to secure such industries as steel, coal, lumber, sand, brick, tile, etc., to materially lower their prices; this for the purpose of encouraging the resumption of business. In this work he was assisted by defendants J. W. Mayhew and M. W. Stark.

As a member of this Board witness urged reduction in the price of all basic materials, including hardwood lumber, and this notwithstanding the fact that it was

clearly demonstrated by official statistics in the possession of the Industrial Board that the average advance in the price of hardwood lumber in effect at the time was only approximately 47 per cent above the price of 1914, while the average price of all other basic materials were at the time far higher than those of lumber—many of them more than three times as high as the price of lumber in reference to 1914 pre-war prices.

Witness took this position in face of the further fact that labor cost in the lumber industry had increased 100 per cent or more, and supplies 175 per cent. Witness states that he pursued the course indicated of urging the lowering of prices for the basic industries, including lumber, not because he believed the price of lumber was too high in its relation to the existing price of other commodities, such as building hardware, textiles, cotton yarns, steel, steel products and coal, but because he believed it would be better for the country as a whole to reduce the selling price of all such commodities to the point where a very small profit, or no profit, would be made for a period, until there was a general resumption of business activities, and this to alleviate and remove the problem of unemployment and the evils of general business stagnation.

That as a result of a controversy with the Railroad Administration the efforts of the Industrial Board came to naught and were finally abandoned.

That witness' activities in endeavoring to secure a reduction in price of hardwood lumber through the instrumentality of the said Industrial Board covered the period beginning January, 1919, and ended in May of the same year, said period of time embracing the date which the bill charges the conspiracy to create and maintain high prices had its inception and during which it is charged that said alleged conspiracy was furthered and developed.

That at the time of the armistice hardwood stocks in the hands of manufacturing lumbermen were the lowest, in comparison with normal stocks, of any previous period in the history of the industry, and in addition stocks were ill-assorted and not adapted for peace-time consumption. Further, the consumers of hardwood lumber likewise had on hand very small and ill-assorted stocks of lumber for their uses to supply the normal needs of peace-time consumption.

Such stocks as were on hand had been produced at the excessively high cost of the war-time period. The manufacturers who used hardwood lumber shared the general belief of the public, following the armistice, that prices of everything would fall within a short time. In other words, with the expectation and hope that the cost of labor, the cost of supplies, in fact that the total cost of living would materially decline. Therefore, for an appreciable period following the armistice, there was a holding off in buying on the part of all fabricating industries. Such conditions obtained until the middle of the summer of 1919—about June—when a great volume of business activity developed; factories resumed operations, building operations commenced, and consumers of hardwood lumber in all lines commenced to purchase in great volume, and this notwithstanding the fact that prices, wages, and the cost of living generally still remained high. The business element of the country had accepted the view of those economists who held to the opinion that wage levels, cost levels and price levels would, for a considerable period, remain high. Notwithstanding that the price of hardwood lumber during the war and during the period under consideration was lower, as respects the increase over the pre-war level, than the prices of all other basic commodities, such as steel, steel products, stone, glass, brick, building hardware, textiles, etc., yet the W. M. Ritter Lumber Company remained, and has ever remained, the advocate of lower prices.

On September 22, 1919, witness addressed a communication, entitled 'An Open Letter to the Hardwood Manufacturers and Their Patrons' (R., Vol. 2, 1277-1281), urging that the price of hardwood lumber should be restricted and stabilized. About five thousand copies of this letter were circulated among the purchasers. The letter and the chart appended were widely printed in lumber and trade journals in the United States, and copies were sent to members of the Senate and House of Representatives. It was laid before the Department of Justice and the practical suggestion was made to the officials of the Department that a plan be devised whereby the leading producers of lumber should be called into conference with a view to securing the adoption of a comprehensive program of price restriction and stabilization. Copy of this letter is attached as an exhibit to witness' testimony.

(This letter is worthy of consideration. It exhibits an un-

challenged review of the relative prices of basic commodities. The data from which the chart was compiled, as disclosed by the letter itself, was taken from statistics in Government files and is, as stated, unchallenged as to its verity.)

(Among other statements in the letter we find the following:)

"The facts in respect to the lumber industry, particularly the production and the prices received by manufacturers of lumber as compared with prices received by producers of other basic materials, have been very generally misunderstood."

"Statistics gathered by the Government and used by the Industrial Board of the Department of Commerce show that the *increase during the war in the market price of forest products* over pre-war prices was much less than the *increase in the price of any other of the basic commodities.*" * * *

"It further appears from this data that the average increase of all hardwoods *up to the present time, over the pre-war period, is only 72 per cent,* which is still well under the increase which took place *during the period of the war* in the case of any other structural materials. At the same time it should be borne in mind that the increase in the cost of producing hardwood lumber during the period was approximately as great as the increase in the cost of producing other structural materials, wages of the W. M. Ritter Lumber Company having increased, on August 1, 1919, 107 per cent over those of August 1, 1914."

"The fact that the price of lumber did not increase in the same ratio with other commodities shows that the war did not create a demand for lumber relatively so great as for these other commodities."

"Notwithstanding the unfavorable situation during the war of the hardwood lumber industry in comparison with other industries and the fact that the prices of its products have never reached a parity with other basic commodities, yet lumber generally and indiscriminately, by the uninformed, has been frequently mentioned as one of the commodities in which 'Profiteering' is practiced."

"The word 'Profiteering,' while somewhat difficult of exact definition, is a word which is much abused these days. It is used loosely and with a variety of meanings in the public

press but is generally, I believe, understood to consist in withholding a commodity from the market for higher prices. This result is brought about by hoarding, by accumulating the tangible supply in the hands of a few, by restricting production, by agreement on the part of producers fixing prices higher than the normal conditions of supply and demand justify,—but whatever practice may be employed the result is the same—the commodity becomes scarce on the market and the price increases; the natural law of supply and demand is for the time being inoperative, an abnormal condition being artificially created."

"In none of these ways, nor any other ways that I know of, has 'profiteering' been practiced by the hardwood manufacturers. And I am confident it can readily and effectively be shown that there has been no hoarding of hardwood by the producer and that everything that could be sold and shipped has been sold and shipped; that there is no agreement, combination or concerted action of any kind among the hardwood manufacturers for the purpose of restricting production or securing higher prices." * * *

"While in any aspect of comparison of prices received for its commodities, the lumber industry is in an unfavorable situation compared with other basic industries, and while short-sighted, selfish policy might urge the wisdom of getting the highest prices obtainable, yet I am firmly convinced that such a policy is not the wisest for the general good or for the best interests of the industry. I am confident that fair prices and a stable market are of the highest desirability."

"I am strongly of the opinion that the average price of hardwood products is as high at present as it should be permitted to go. No conditions of cost of material or labor, should be permitted to come about making it necessary to be higher; and I trust that all other hardwood producers will hold similar views, and that by preventing any further advances in the price of this commodity, which has had the least advance of any of the basic commodities, a valuable example will be set for producers in other fields."

Continuing his testimony, the witness stated:

"Notwithstanding the witness' attempt to secure price restriction in hardwood lumber, and the further fact that hardwood lumber prices continued to increase, due to demand, diminished condition of stocks, weather conditions, shortage

and inefficiency of labor, the Ritter Lumber Company for a considerable period of time did not increase its price above its average price in effect at the date of said letter, to-wit, September 22, 1919. After maintaining said lower level of prices and waiting until the 20th of November, during which time the Ritter Lumber Company lost many thousands of dollars by not selling at the prevailing market, the company concluded that its efforts to reduce the price of hardwood products were futile, and concluded to market its lumber at the then going price."

(Here follows in the record copies of various telegrams and letters that passed between the witness, as president, and his sales department, wherein the question of the Ritter Company's price policy was discussed. We quote from a portion of one of Mr. Ritter's letters to his sales department. This letter is dated November 20, 1919:)

"I have concluded, after giving very serious thought to the matter, the best and sane thing for us to do is to sell our commodity in line with other people. We should, however, do all in our power and try, all of us, to prevent by persuasion and otherwise any further inflation; but if the industry is not inclined to follow our suggestions we would be consistent in selling our commodity at the market price. As I understand it, a large number of the people who buy from us resell the lumber, putting on all that the traffic will bear. That, it will readily be seen, does not give the consumer the benefit of minimum price."

"I had hoped that the Department of Justice would, with its program of reducing the cost of living, be able to support us, but as yet nothing concrete has developed from that Department, and at least until they do bring out a program that will help to make our ideas more effective it would be foolish for us to attempt to make the fight alone—benefiting no one in particular, and at the same time placing us on an unfair advantage."

(On November 20th the sales manager of the Ritter Lumber Company issued a letter to all the salesmen of said company, wherein he explained the Ritter Company's policy of

thereafter selling its product at the current market price. Among other things in said letter, he stated:)

"We are as strongly convinced now as ever that it would be in the general interest of the industry, as well as for all concerned, for the producers of lumber to keep the prices from going higher. We have not done anything to cause the price to go higher; in fact we have done everything possible to keep prices from going higher, and we will continue our efforts to this end.

"We stand ready to co-operate with the governmental authorities and with the manufacturers in general to adopt measures which will obtain low-price structures, such as we have always advocated and which Mr. Ritter particularly emphasized in his open letter. Notwithstanding the fact that no comprehensive action was taken by the governmental authorities or the manufacturers as a result of Mr. Ritter's suggestions, we have waited a considerable time, during which we have sold a large part of our product at many dollars per thousand under the price obtained by others for the same character of product, with the hope that his suggestions would be generally adopted by producers, but the advances in the market prices, with which all are familiar, indicate that, in the absence of such comprehensive consideration we have felt the subject deserved, which has not been given it, prices will continue to be based entirely or chiefly upon the supply and demand."

"It would be a futile thing for us to continue to sell our commodity substantially below market prices as we have been doing for some time past. To continue the course we have pursued would mean nothing less than giving an advantage to someone else in the sale of our lumber, which would in all probability not be passed on to the ultimate consumer."

Continuing, Mr. Ritter, in substance, said:

That as a result of conditions of stocks, activity of buyers, and other causes, over which producers had no control, prices continued to advance. This being largely due to the action of purchasers themselves, who realizing the scarcity of supply, buying became panicky. In fact buyers bid against each other for the small available stock that did exist.

Realizing this condition, and that purchasers were demoralizing the market, witness, on January 10, 1920, sent the following letter to all of the customers of said company:

"To Our Customers:

"The condition now obtaining in the hardwood lumber industry is abnormal. The demand for higher grades was never so great. The scarcity of labor and the unseasonable weather are making it impossible in many localities to produce anything like a normal output. We are fortunately not seriously handicapped at our mills and are putting forth every effort to secure a maximum production. * * *

"You are familiar with our Open Letter of September 22, 1919, and with our oft-repeated view that a stable, uniform market is of the highest desirability from the standpoint of the producer, purchaser, and the ultimate consumer, and we still deplore present conditions, brought about by an unusual combination of circumstances following the war. We shall welcome the advent of a period of stability and sincerely trust that the present high price will not rule indefinitely.

"We would *counsel against* a policy of heavy *buying* to unnecessarily cover future needs. Such a policy tends to keep prices *high*. If you want to help the situation you will *confine* your purchases, as nearly as practicable, to your immediate necessities. No one can predict with certainty what lumber prices will be, but there is no doubt that *hysterical* buying has contributed largely to the present unsatisfactory condition of the market."

In order to meet the charge in the bill that there was a conspiracy to curtail production, witness stated his company manufactured in:

"1913—98,612,000 thousand feet of lumber
"1914—90,582,000 " " " "
"1915—89,634,000 " " " "
"1916—98,476,000 " " " "
"1917—83,932,000 " " " "
"1918—68,179,000 " " " "
"1919—88,484,000 " " " "

As a further indication of his efforts to produce, witness stated that, in 1918 he manufactured 4,928,292 feet of hardwood flooring, and in 1919 9,837,173 feet.

Witness states that due to the isolated situation of mill units, diversity and number of grades, of which there are more than 150, and the further fact that the manufacturers do not and cannot sell their product in central, well-established markets (such as exists for the sale of cattle, grain, cotton, tobacco, etc., etc.), there is need for associated activity in the industry such as that offered by the so-called Open Competition Plan, and this for the purpose of collecting and disseminating reliable trade data and suggestions.

That if there existed central markets, so that reliable information in respect to current market prices could be read in the newspapers or periodicals, or if in respect to the hardwood lumber industry data were collected and distributed by the Government, such as is done by the Bureau of Markets in respect to many products, there would be no need of a duplication of this service by association activity. The work of the association is substantially and practically an effort, by a part of the hardwood lumber industry, to do for itself, at a considerable expense, what the Government does, at the public expense, much more completely and in much more detail for some other industries.

That the activities complained of in the bill, in so far as the Open Competition Plan in and of itself is concerned, are substantially like those adopted, put into effect and being practiced by manufacturers and producers of various industries and groups of industries.

That the only class of persons that can benefit from the disorganized, chaotic condition in the lumber industry, which would result from a lack of knowledge of basic facts, such as the quantity of stocks in existence, the kinds and varieties thereof, the market price and market tendencies, are the *wholesalers* and other intermediate dealers, particularly the *speculative* element thereof. These classes would be enabled to buy from manufacturers, particularly the *small* isolated mill, at less than the true market, but the ultimate consumer would pay the same as if the intermediate dealer had paid the true market price.

Such a state of affairs would be injuriously reflected in the operations of the manufacturer in many ways, such for

example in respect to improvement of equipment, facilities, wages of labor, economies of manufacture, conservation of timber supply, etc.

(NOTE.—We respectfully ask the court to turn to page 1280, Vol. 2, Record, where will be found a chart compiled from Government data, disclosing the relative advances during the period of the war of building materials, including hardwood lumber. This chart in a vivid way demonstrates the statement of witness Ritter that, as compared with other building materials, hardwood lumber advanced but little during the war period.)

TESTIMONY OF DEFENDANT R. L. JURDAN.

(Record, Vol. 3, 1623.)

It will be recalled that Mr. Gadd in his testimony states that along in June, 1919, the Memphis group undertook to depart from their monthly meetings to weekly group meetings. That two meetings of this character were held and then were discontinued.

Witness Jurdan, a member of the Memphis group, made the motion which brought about the weekly meeting program, and in the minutes of the Memphis meetings appears his motion and as set up in the minutes the motion reads:

"A stabilized market is a good thing. Today no one knows what the price is. We cannot agree on prices while the market is in the shape it is today. I move that we hold these meetings weekly. I believe that it will go a long way toward keeping the market stable."

"Witness admits that he made a motion to the effect that the group meetings be held weekly instead of monthly, this in order to keep the members of the group informed as to the rapidly changing market and conditions of the industry. There is, however, a mistake, as the motion appears in the minutes. He is quoted as saying, 'We cannot

agree on prices while the market is in the shape it is today,' leaving the inference that the association had been engaged in price-fixing activities in the past. Whereas in truth what the witness did say in substance was: 'We cannot agree on prices. While the market is in the shape it is today, I move that we hold these meetings weekly.' It is my thought that in fairness to my associates and myself that I should make this explanation of the minutes as they stand."

(Such value as this affidavit has would seem to be in the fact that the motion as actually made clearly indicates that the members were not co-operating on any price-control theory.)

TESTIMONY OF DEFENDANT B. F. DULWEBER,

President and Treasurer of the Kraetzer Cured Lumber Co.

(Record, Vol. 3, 1563-1568.)

Operates two mills, one at Moorhead and one at Greenwood, Miss. The combined capacity of these two mills is 25,000,000 feet. During 1919 they produced 9,454,103 feet. This reduced production was due to conditions of the woods, the result of weather and inefficient labor.

As an indication of their effort to keep their mill in operation, witness states that they recently purchased a lot of gum logs at $75.00 per thousand in the ditch; these logs, with the loading, freight charges, and other expenses added, cost them about $87.00 per thousand log feet, f. o. b., mill. The maximum price which they had paid for logs of similar character in 1915 was $6.00 per thousand feet in the ditch, or $9.25 at the mill, the loading and freight costs at that time being materially less than now.

That in addition to manufacturing lumber, his organization has bought lumber at wholesale for wholesale distribution. This branch of his activity was greatly accentuated in 1919 in order to get an increased volume of lumber with which to serve customers, and this on account of his own small production. In his wholesale operations, he bought his lumber on the public market where he could do so to the best advantage, and in this connection states that

95 per cent of his purchases were made from members of the Open Competition Plan, and this because he found that he could do equal or better in regard to quality and price with them than he could with non-members, and in addition states that through stock reports issued by the association, he was enabled to ascertain where he could secure certain stocks, and he did not have this information as to non-member mills.

The association is in constant receipt of inquiries from purchasers as to where available stocks may be found, and in addition to the information which he secures from the sales report, he is kept advised by communicating directly with the association. That this activity of the association is not only available to him as a member, but is available to anybody who makes the inquiry; in other words, to the public.

The sales reports keep members informed of the decline of the market, as well as of the advance. * * *

One of the principal benefits of the sales reports and the stock report jointly was to ascertain the items that were in greatest demand and the items which were short in supply, and he found these reports of great value to his firm in deciding what thicknesses to manufacture, being guided in this way by the information gathered from these reports as well as their own experience and information that they would secure from other sources.

Prior to the existing abnormal conditions, the sales report was of great value to him in keeping him informed as to the general trend and strength of the market, but since the present conditions have existed it has been of comparatively little value to him in that regard, because of the fact that the market has been advancing so rapidly that usually they were obtaining prices considerably higher than those shown in the sales report when the sales report was received. That his greatest problem during this period has been in getting lumber to sell and not the selling, and this because the demand has been so far in excess of any possible supply.

He received the market letters in connection with the sales and stock reports, and read some of the letters; some he did not. He was not guided nor materially influenced by the opinions expressed in them, and regarded these letters as purely an individual opinion of Mr. Gadd. He concurred in the opinion expressed in some of these letters;

in others his opinion was in direct conflict. In other words, he treated these letters in the same way as he would any other information received from periodicals or otherwise, dealing with industrial conditions.

He attended the so-called group meetings of the Open Competition Plan at Memphis and at Cincinnati. At these meetings a number of subjects were discussed, such as labor conditions, car supply, credits, logging conditions, estimating future production, the source from which demand for lumber was coming, and matters of general interest to the hardwood operator. At certain of these meetings market conditions were discussed and suggestions were made by members as to prevailing prices of related grades. Statements of this character were expressed as the individual judgment of members, at times concurred in by others and frequently denied by others; in other words, whenever the subject of the market was discussed, it was simply along lines of free expression of judgment, without any attempt being made to arrive at any common understanding or agreement.

At some of these meetings some of the members expressed the fear that, owing to the scarcity of lumber, the prices of some grades were reaching a point that would discourage their use and encourage the use of substitutes, and this was considered by those members so expressing themselves as a menace to the industry's future welfare. At certain meetings expressions were made that it would be in the interest of the industry if this so-called run-away market could be held in check by creating a more stable market. It was recognized, however, that this could only be accomplished by agreement, which would be unlawful.

As indicating his own attitude in reference to this general subject of market conditions touching prices, he states that on one occasion he advocated that the association should appropriate a fund to be used by way of propaganda, advising consumers to buy sparingly until production conditions should improve, this for the purpose of keeping prices at a lower level. And in harmony with this thought witness states that in his own private operations he so advised his own customers, as is evidenced by three exhibits attached to this affidavit and made a part thereof:

The first being a calendar issued in November, 1919 (R., Vol. 3, 1567), on the second page of which a statement is

made in reference to production; the second, a calendar issued in January, 1920 (R., Vol. 3, 1567), on the second page of which is an article headed 'The Outlook'; the third, an advertising copy prepared in January, 1920 (R., Vol. 3, 1568), prior to the commencement of this suit and before he had any knowledge that such a suit was to be instituted and published after the suit was started.

That the reason why he advised his customers to this effect was his belief that the price of lumber had reached such a point that the cost of the manufactured article to be made from the lumber would have to command a price on the market that would be almost prohibitive, and that in a comparatively short time the public would cease to buy; also that the high price of lumber gave a great opportunity to manufacturers of substitutes for lumber, and he feared this competition, the thought being that the hardwood industry in the long run would be benefited by such a course.

That, commencing about June, 1919, when the heavy demand developed, in distributing the lumber that was produced at his own mills, as well as that bought at wholesale from other sources, he sold approximately 70 per cent to wholesalers and 30 per cent to consumers, whereas under previous and more normal conditions his experience was that fully 95 per cent of his production went to consumers direct and a very small percentage to the wholesalers.

Dulweber Exhibits 1 and 2.

(These exhibits are instructive as indicating an utter absence of an illegal arrangement.)

Exhibit 1, Calendar for November, 1919.

"Nature and the fates seem in league against the accomplishment of that which would go a long way towards healing the economic sore spots caused by four years of conflict and destruction.

"In the lumber industry, production during the past twelve months has been the smallest on record, and despite the application of every energy, forethought, and ingenuity, a greatly lessened production seems unavoidable during the coming six months."

EXHIBIT 2, CALENDAR FOR JANUARY, 1920.

"It is our business to sell lumber, but indiscriminate buying is certain to add to the chaos now existing, and it is the duty of the consumer to buy no more lumber than is absolutely required."

GROUP AFFIDAVIT.

(Record, Vol. 3, 1724-5.)

The following defendants, F. K. Conn, C. C. Dickinson, and H. H. Alexander, made a group affidavit, wherein they disclosed weather conditions in the fall of 1918 and the spring of 1919, as well as disclosing additional reasons for the demoralized condition of stocks beginning January, 1919, the date when the alleged conspiracy is claimed to have been started. We deem this statement of prime importance to proper understanding of conditions as they existed in January, 1919, and therefore set forth the body of the affidavit:

"That they are familiar with the conditions which interfered with production in this district during the first half of the year 1919, and the principal reasons contributing to such interference in production were the following:

"(1) The demand for lumber had been far below normal for two years prior to the armistice, due to the fact that the furniture manufacturers and other consumers were classified as non-essentials, and the lumber business, except in special instances where priorities were granted, was classified as a non-essential industry with respect to labor, coal, steel, etc. The post-armistice period, therefore, was entered upon, practically with all concerns having a small organization and producing a small per cent of capacity output.

"(2) In the above situation it was not possible to immediately place the business on a normal basis. In the first place, the labor was difficult to get, on account of having left the district for the military service or for other occupations during the war, and a considerable time was necessary to build up their organization.

"(3) October, November, and December are the best log-

ging months of the year in the Mississippi valley, and it has always been necessary and the custom to secure a sufficient supply of logs prior to Christmas to run the mills up to about the first of May, because normal weather conditions during the winter months and early spring prevent practicable logging.

"(4) The securing of the usual supply of logs in 1918 was not only prevented by the war conditions prior to the armistice and the labor conditions and lack of organization immediately after the armistice, but was also made especially difficult by the unusual weather conditions prevailing during October, November, and December, 1918. This was due to abnormal rainfalls, making the logging conditions during these months the worst during the experience of affiants.

"Although business conditions were stagnant and uncertain, and it was not known whether there would be any immediate increase in the demand for lumber, the affiants nevertheless made every effort to build up their organizations with a view to increasing their output during the year 1919 as much as possible, and they have continued such effort ever since.

"Affiants are familiar with many of the mills in the Southern district, and know that the same conditions existed at such other mills, and believe they existed generally throughout the entire Southern district."

GROUP AFFIDAVIT.

(Record, Vol. 3, 1727.)

The following defendants, to wit, Jno. W. McClure, Ralph May, C. M. Kellogg, Jas. E. Stark, R. H. Darnell and W. A. Ransom, made joint affidavit to the effect that 40 per cent of the hardwood logs manufactured into lumber in the Southern mills are bought from farmers and other small hardwood lot owners, who cut their logs and bring them to the railroad track for sale to the millmen:

"During the period covered by the alleged conspiracy log values increased enormously, thereby reflecting an increased cost in the process of manufacture.

The following six defendants, J. E. Thomas (R., Vol. 3, 1624), Charles C. Dickinson (R., Vol. 3, 1710), B. B. Burns (R., Vol. 3, 1712), W. A. Ransom (R., Vol. 3, 1629), J. W. Mayhew (R., Vol. 3, 1712), and M. W. Stark (R., Vol. 2, 1261), made affidavits covering the same general proposition, that at times during the period covered by the bill they found that certain items of stock were not moving, and upon examining the sales reports found that their asking prices were at fault, in that they were in excess of the then going market prices, as disclosed by the sales reports. Whereupon at different times they lowered their prices in view of this situation, and the items would then commence to move.

Testimony of Defendant M. W. Stark.

(Record, Vol. 2, 1245-1259.)

Witness is secretary and treasurer of the American Column and Lumber Co., and has been actively engaged in hardwood production for over fifteen years. From the inception of the Open Competition Plan, he has acted as chairman of the committee having in charge this phase of the association's activities:

"The relatively few manufacturers who had well-developed *sales* organizations were able to keep fairly well informed on the needs of *consumption* and *general* market conditions, and from the various facts which came to their notice, to formulate a fairly intelligent conclusion as to the market conditions upon which to base their prices. In the matter of character of production, however, they were not able to form intelligent conclusions, because of the fact that they were entirely ignorant as to what *other* manufacturers were producing, and, therefore, although they might be aware of a shortage of certain items of stock, they did not know how much of these items was being produced by other manufacturers, or how much was in the process of seasoning, and should they, by reason of their knowledge of a shortage of certain items in the market, increase their production of

these items, they might and often did find that, by the time those items had been seasoned and ready for the market (which process requires from three to six months) that others, also producing in like ignorance of conditions had quantities of the same items of stock ready for the market, and, as a result, there was an oversupply, thus making a large part of the lumber so produced unsalable. Those who were so positioned by reason of finances, limited piling room, or other conditions, that they could not hold these items until the demand should pick up, were forced to *sell* them at a price so low that buyers were willing to purchase and hold them until the demand should return. In other words, they could only be sold at a price low enough to be interesting to a buyer as a speculative proposition. The fluctuations in price resulting from these conditions were often very large, and it was not uncommon for some prices to decline sharply when other prices were advancing and when the demand for hardwood lumber, as a whole, was on the upward swing. * * *

"The *consuming* buyer, as a general rule, purchases a very *limited* number of *grades* and *kinds*. He is in *touch* with many mills, and is in position to have, and generally does have, a much better knowledge as to the available stocks of the grades he uses and the demands than the producer working alone can possibly have. In a word, the manufacturer, working in the dark, except for the fragmentary and uncertain information indicated above, is confronted with the buyer, against whom he is at a disadvantage, because of the buyer's greater knowledge of the conditions pertaining to the particular item which he wishes to purchase." * * *

"The plan was grounded on the broad proposition that a knowledge of the facts pertaining to the industry, placed currently in the hands of the manufacturers, and without agreements of any kind, would result in a gradual standardization of grades and the elimination of the various evils in the industry.

"The principle is stated in the second paragraph of the report of the committee that devised the plan, and reads as follows:

" 'This plan does not contemplate doing anything illegal, or anything that might be developed into illegal acts. There is absolutely no agreement as to prices, either real or implied. There is no obligation, either real or implied, on the

part of any member to charge any other price than what he himself thinks best. There is no obligation, either real or implied, on the part of any member to reduce, increase or change the character of his production in any other manner than he himself may think best. The plan will, however, furnish information to enable each member to intelligently make prices and intelligently govern his own production.'" * * *

"Affiant was chairman of the committee which had supervision of the operation of the Open Competition Plan during the entire time it was carried on by the Hardwood Manufacturers Association of the United States, and has also been chairman of the committee in charge of the plan since its adoption by the American Hardwood Manufacturers Association, and still occupies that position.

"As *chairman* of the committee in charge of the plan, he was in a position to have a *knowledge* of the facts pertaining to the operation of the plan; that he never *advocated* anything which, even remotely, suggested an agreement as to prices, production, or any other matter pertaining to any of the defendant's activities. * * *

"That he has *presided* at the group meetings of the Open Competition Plan for the *Eastern Territory* held in Cincinnati, Ohio, and that at said group meetings there has never been any criticism or anything remotely suggesting criticism by one member of another, touching the *prices* any member has charged or any other matter having any bearing on the competition among mills. Nor has there been any discussion of *future* prices, nor any suggestion, direct or indirect, as to what price any member should charge for his product. Nor has there been any suggestion, direct or indirect, which had the purpose or the effect of curtailing the production of any member. * * *

"It was recognized by all that the success of the plan and the cultivating of the spirit of co-operation are dependent upon the unequivocal recognition of the absolute right of each member to make his own prices, without any anticipation or criticism from his fellow-mem' ers. * * *

"That the American Column and Lumber Company has not, at any time, *voluntarily* curtailed its production, but, on the *contrary*, has put forth every effort to increase its *production;* that in the year 1919 its production was ap-

proximately *35 per cent more than* in the year *1918*, and that its production in 1920, at the present rate, will be materially in excess of its production for the year 1919."

SUPPLEMENTAL TESTIMONY OF DEFENDANT M. W. STARK.

(Record, Vol. 2, 1259-1261.)

The purpose of this statement is to indicate specifically the effect of the Open Competition Plan on market conditions, prices, and the character of competition in general as compared with what it is without the plan. Witness bases his statement on his own study and observation of the workings of the plan since its inception, three years ago, when first inaugurated:

"1. The information contained in the reports show when any particular stock is decreasing, and also when the total quantity of stock is decreasing, and tends to cause the accentuation of production on those items of which the supply is decreasing, and also tends to accentuate total production when total stocks are decreasing, thus increasing competition and tending to affect prices downward.

"2. Due to the great variety of industries in which hardwood lumber is used, it often happens that the demand for certain items of stock suddenly increases beyond normal, and this frequently reflects itself more quickly in prices than in the record of stocks on hand. Distribution of early information as to such rise in prices tends to prevent a stringency and still higher prices by stimulating production in those items; competition is thereby increased and prices are affected downward.

"3. It often happens that a manufacturer will hold certain kinds of stock for a long period, believing the demand for such items is low but is going to increase, when, as a matter of fact, the difficulty is not with the demand, but because his prices are too high. The information in the sales reports and stock reports show him the true condition and in many cases cause him to reduce his price in order to move his stock.

"4. A study of the sales report shows in what territory the lumber is in most demand and commanding the highest prices. This stimulates the members to give attention to

their selling to that territory and to direct supplies to that territory from points which under ordinary conditions did not compete in that territory by reason of difference in freight. Competition and supplies are thus increased at the points most needed.

"5. Competition is further stimulated by the service performed by the association in giving the buyers information showing all the mills having in stock the items which they are in need of. This would not be possible without the collection of the information under the Open Competition Plan. Competition is thus increased. Every member is given an opportunity to bid for this business, and the buyer gets the benefit of increased competition.

"6. That from his observation of the Open Competition Plan he is convinced that there is nothing whatever in the nature of the plan itself or its use by the association which has tended or will tend to suppress or restrict competition, but, on the contrary, for the reasons stated, it tends to create a freer and broader and more unrestricted market in which all sellers and buyers may and do freely, actively and intelligently compete. While knowledge of market conditions will naturally and properly enable some persons to sell to better advantage than if dealing in the dark, this is only an incident of any open market, against which should be considered the general effect on market conditions as a whole and in the long run. From this aspect information which directs the production and selling efforts of the lumbermen to supplying the market needs, for which there is the greatest demand, necessarily increases competition and works for the benefit of the buyers and consuming public. Obviously and properly it also works for the lumbermen, as they can only profit by supplying the demand.

"7. Lastly, witness states that the Open Competition Plan should not be tested by the conditions which prevailed during the greater part of 1919, and which still prevail, as these conditions are unprecedented in the history of the lumber industry. The abnormal rise in the market during the past year has been explained in other testimony and was in no sense due to the operation of the Open Competition Plan, and affiant believes such market prices would have been as high as they in fact were and are if the Open Competition Plan had never existed."

TESTIMONY OF DEFENDANT A. N. SMITH.

(Record, Vol. 3, 1696-7.)

Sales manager of the Bomer-Blanks Lumber Co.; mill located at Blanks, La. Witness sells most of his lumber to consumers, such as furniture, vehicle, and automobile factories. Has no sales organization and sells lumber largely through correspondence. During 1919, due to labor and weather conditions, production of his plant was about 60 per cent of normal; this in spite of the most strenuous efforts to increase production. Received the sales reports ever since the summer of 1917; also received the stock reports, and states that these two reports are of value in that they keep him informed as to current market conditions. Prior to receiving these reports he had no means of guiding him or of keeping in touch with market conditions. He had no sales agent on the road and his operation is isolated. He had to depend upon what the buyer said was the going price. Sales reports give him information that he heretofore did not have. The stock reports are of value in that they enable his company to increase production upon those items of stock that are shown to be in demand.

He attended the group meetings at New Orleans. These meetings are open to the public. On different occasions he has taken hardwood producers who are not members of the plan to the meetings, and this because it was the general purpose of these meetings to get as broad an understanding of industrial conditions as possible.

TESTIMONY OF DEFENDANT J. W. BAILEY.

(Record, Vol. 3, 1640-2.)

Vice-President and manager of the Eastman-Gardner Hardwood Company of Laurel, Mississippi, operating a mill at that place. In January, 1919, he operated 16 log teams, and after that date increased the number of log teams to 20. Some of these teams hauled only one-quarter of a mile and the maximum haul was two miles, per day, teams working constantly:

Prices and the marketing of lumber are not at the present moment of particular interest to the industry. The real problems which now confront the hardwood lumber industry are problems of operation, notably the obtaining of logs and labor conditions.

Attendance at group meetings has been of great value to him in obtaining information and suggestions as to operating problems which he could not have otherwise obtained. At these meetings no attempt was made, directly or indirectly, by open statement or by innuendo or by suggestions to fix, maintain, or enhance the price of hardwood lumber.

He has had 23 years' experience as an operator of a country mill, and this is the first time in his experience when operating conditions and problems have been so difficult or when market and price conditions have presented so few difficulties.

He received and read the market letters of the defendant Gadd, and also the sales reports and stock reports of the Open Competition Plan. As an operator of a comparatively small mill which maintains no sales force, he found these reports and letters of great value to him. Previous to belonging to the association he was largely at the mercy of the wholesalers, to whom he has always sold the bulk of his production. For instance, in 1919 his concern sold 3,351,000 feet to wholesalers and 1,733,000 feet to consumers. Before joining this association and receiving these reports, in June of 1919, he sold first and second quartered white oak to wholesalers for $88.00 per thousand at the mill, or $105.00 per thousand in Boston, for which these wholesalers obtained from the consumers the prevailing price of $250.00 per thousand. This condition of ignorance of market conditions worked a hardship on him and was of no benefit whatever to the consuming public, the wholesaler reaping all the profit on the transaction.

That a small producing mill, without a sales organization, cannot, under present conditions, intelligently do business unless through some association or other means that keeps him in touch with market conditions. In his opinion, the Open Competition Plan has been of wonderful benefit to the small producing mills, and has worked no hardship whatever on the consuming public, but has resulted in reducing to a considerable extent the abnormal

profits obtained by the wholesalers and middlemen generally.

The stock reports of the Open Competition Plan have been consulted and have been of value in enabling him to intelligently direct his operations along the line of cutting his lumber in dimensions which are in demand. They have enabled him to more intelligently serve his trade, and have prevented him from overstocking on lines which were not moving.

TESTIMONY OF DEFENDANT J. B. ROBINSON.

(Record, Vol. 3, 1669-70.)

General manager of the Pelican Lumber Co., located at Mounds, La. The production of this plant is approximately 10,000,000 feet per year. Due to weather conditions during 1919, his mill produced less than 3½ million feet and this in spite of the utmost effort to increase production. During this period his cost of production increased over 100 per cent.

His concern has used the information furnished by the Open Competition Plan practically since the beginning of its operation, both as an index as to the character of stock most likely to be in demand and as to the probable market value of the various items offered for sale.

The information given in the statistical reports that this organization sends out furnishes the only information as to stocks on hand and the production of hardwood lumber available to the average producer, and this information, in connection with the report of sales, has been one of the bases used in establishing the selling price of the product. That they also use other sources of information for the purpose of determining at what price their stock should be offered, including cost of production and the information issued by the lumber trade journals and other published literature.

At the group meetings various subjects were discussed that were helpful and enlightening to the members. Witness has no recollection of any attempt at any of these meetings to fix, maintain, or enhance prices. He states, however, that he has heard statements at these meetings to the effect that due to condition of stock lower or higher prices

would be warranted. As a result of such a statement, however, no understanding was arrived at, direct or indirect, whereby the price at which the members saw fit to dispose of their product was affected.

Testimony of Defendant Edward F. Weigel.

(Record, Vol. 3, 1713-4.)

General manager and superintendent of the James E. Bell Lumber Company, mill being located at Hollendale, Mississippi. This is a small operation, producing approximately two million feet per year. The production of this mill is in switch ties, the prices of which are determined by the railroad companies, affiant having no voice in the matter whatever.

He receives the sales and stock reports and considers them of great value. To illustrate: Ties are manufactured principally of the hearts of trees. That in manufacturing ties there is of necessity a good deal of lumber produced.

The sales data and stock data distributed by Mr. Gadd are of value in informing this small operation of the values of the lumber that is cut in the production of the ties.

Has no sales organization and has practically no contact with the market other than he gathers from the data Mr. Gadd furnishes. He has attended one of the group meetings.

"He has never heard of any combination or agreement to maintain or enhance prices or curtail production."

Testimony of Defendant L. N. Kimerer.

(Record, Vol. 3, 1655-6.)

Mill in Oklahoma. Been in business forty years; has never known operating conditions so bad as during 1919; has been running at one-half capacity; finds stock reports of great value in showing him what sizes and kinds of lumber to cut, so that he may intelligently serve his trade; that one-half of his output goes to wholesalers.

Received the market letters and considers them of the

same value, as he did such information as he might get from Babson and other similar publications.

That he knows of no arrangement whereby prices were to be controlled, nor was his sale policy in the least dictated by any one connected with the association.

He is a comparatively small manufacturer; that he is now on a trip to investigate the Holt Caterpillar Tractor that he may thereby accentuate log production.

Testimony of Defendant W. H. Nigh.

(Record, Vol. 3, 1670-1.)

Treasurer and manager of the Nigh Lumber Co., of Ironton, Ohio, where his plant is located. During 1919 his production was practically normal.

At the group meetings reports were examined and discussed; also such questions as labor and car shortage were talked over. No attempt was ever made, to his knowledge, to fix or maintain prices:

In his opinion, price-fixing, even if legal, is impossible, inexpedient and bad business.

He received the market reports of the Open Competition Plan and found them of value to him in reflecting the general tone and trend of the market.

He also received the stock reports of the Open Competition Plan, but that these to be of use required an analysis that he did not care to devote the time to make.

Maintains no sales organization and markets his products largely to wholesalers, possibly 85 per cent of his product being so sold. For this reason the sales reports of the Open Competition Plan were of especial value, for the reason that the wholesalers from the nature of their business, are constantly in touch with the market, and when purchasing naturally desire to buy at as low a figure as possible. These sales reports were a check against their statements. By virtue of these reports, he was enabled to get nearer the market price from the wholesalers.

He absolutely controls his own sales policy and his own price policy in reference to the production of his plant.

He bases his prices on all the information he can obtain from any source whatsoever, either the reports of the Open

Competition Plan, from conversation with other members of the trade, interviews or correspondence with buyers, and from general information.

Before the introduction of the Open Competition Plan certain unscrupulous middlemen made a practice of misrepresenting the prices at which they had purchased lumber from neighboring producers, and thereby forced the small producer to make an abnormally low price. This practice has been done away with by the Open Competition Plan. In his opinion, this is one of the chief benefits derived from the Open Competition Plan, especially as to the smaller producers, who are not in touch with the market.

TESTIMONY OF DEFENDANT FRANK R. DILLMAN.

(Record, Vol. 3, 1695-6.)

President of the Weis-Dillman Lumber Company and the Dillman Egg Case Company, which latter organization manufactures egg cases from hardwood lumber. The egg case company absorbs practically 80 per cent of the production of the Weis-Dillman Lumber Company, leaving approximately 20 per cent to be sold on the market.

Due to fact that this concern produces and consumes its own product, it is not active on the lumber market and has no sales organization. Most of the lumber it sells on the market is to wholesalers, as this is the more convenient method for this plant, on account of the small volume involved.

Does not now recall ever having read any of Mr. Gadd's market letters and therefore is unable to express an opinion in reference to same. The sales reports as well as market letters are of small value to witness' operation, especially during this abnormal period, because it has not been a question of selling, but of production.

Under normal conditions he can well understand that the weekly sales report and the monthly stock report would be of value, because these reports would be a guide on market tendencies, and an operator could keep a better-balanced stock.

Sales and stock reports come to his desk about ten days

behind the market. During the present period the market changes over night.

Attended one group meeting at Cincinnati; was there but a short time and has no recollection of what subjects were discussed.

Has no knowledge of any combination or agreements touching production or prices.

Under present market conditions it is not a question of selling lumber, but of having the stock to sell.

TESTIMONY OF DEFENDANT G. W. ALLPORT.

(Record, Vol. 3, 1530-8.)

Partner in the Jefferson Hardwood Lumber Co., located at Pine Bluff; mill located at Tucker, Arkansas. Capacity of the mill is approximately 20,000,000 feet per year. Operations curtailed during 1919 on account of weather. There is attached to his testimony statements from woods foremen, timber-cutters, drivers, and log-haulers bearing upon the weather conditions and the efforts that were made to keep mills supplied with logs in spite of adverse conditions. He paid as high as $14 per thousand feet for logs on a mile haul, which in ordinary conditions would not have cost more than $5 per thousand.

Attended practically all the group meetings held at Little Rock. The principal topics discussed at these meetings were logging, car supplies, collections, and labor. The labor discussion was of special interest, because he attributes much of his production trouble to the inefficiency of labor. Labor is 25 per cent less efficient than formerly.

The real problem confronting him as a hardwood producer has not been price, but production. To attempt to fix or control prices on the present market would result in loss to those who engaged in such enterprise.

Read the market letters. These letters, however, in nowise controlled or influenced him in his sales policy.

He studied the sales reports. On the present market, however, the data was far behind the market and not a safe guide.

Fifty-five per cent of his sales were made to wholesalers, the balance to consumers. To illustrate selling conditions, on the 7th of January he sold a car of elm lumber

at $100 per thousand, and had accumulated another car which he would have sold at about the same price, but on the 12th day of February, at about the time the car had been accumulated, he received a circular letter from a wholesale concern offering $120 per thousand for elm lumber of a similar grade. He sold the elm lumber at that price. That letter fixed the market for the time being on that particular grade of lumber. This instance is related merely as an example among many as to what controls the price of lumber at the present time.

Receives the stock reports, but makes no use of same.

There is now in his yard only 11,000 feet of lumber that is 100 days old, and the reason that this amount is still on hand is because there is not enough of any one grade to make a full carload.

TESTIMONY OF DEFENDANT J. H. MAASEN.

(Record, Vol. 3, 1622-3.)

Manager of the hardwood department of the Chicago Lumber & Coal Company, which concern is a member of the plan. That on October 14, 1919, he received from the Pioneer Coal & Shaft Company an order for four carloads of hickory lumber. After he had shipped two carloads of material on this order, he received a letter from the buyer advising that they had increased the price on the hickory that he had already agreed to sell at a lower price. He accepted the higher price, which was thus voluntarily offered and unsolicited on his part. This incident simply demonstrates that the need of the consumer was such that he was willing to pay a premium in order to get the good will of the shipper and thereby make certain that he would secure the shipment.

TESTIMONY OF DEFENDANT J. M. MORGAN.

(Record, Vol. 3, 1691-2.)

President of the Baxter Lumber Co., Wildsville, La. Normal production of his mill is 8,000,000 feet. During 1919, in spite of strenuous efforts, he produced but 4,000,000. In its effort to increase production, this small operation ex-

pended over $6,000 in the purchase of a Holt Caterpiller Tractor; also built over two miles of railroad.

As an illustration of the manner in which lumber is being bid for, he states that recently he offered a certain item to an old customer, a consumer of lumber, not a wholesaler, at $115 per thousand feet. In a few days he received a wire from this customer voluntarily offering him $125 per thousand feet for the same lumber, the customer being afraid some one else might get it.

Instead of now being compelled to go to the trade, the buyers come to the mill, and the buyer has been more instrumental in fixing the price than any other agency.

Reads the market letters and regards them in the same light as he would any commercial market letter. Receives the sales and stock reports and considers them of little value in his sales policy or in adjusting his prices, but that both have been of *great* value in his manufacturing operations. The stock reports have shown the items that were scarce and the sales report the items that were in exceptional demand. By the comparative use of these reports, he was enabled to more intelligently and efficiently conduct his manufacturing operations and to more intelligently serve the needs of his trade. That his trade is largely consumers and not wholesalers. It is his judgment that these reports, used as here indicated, are of service not alone to the manufacturers, but to the consuming public, as they tend to prevent a shortage of items, and in the same manner increase the supply of such items as appear to be in demand. This information, whether received from an association or through a sales organization, which small mills cannot maintain, is essential to the intelligent operation of hardwood production. That he has been too busy trying to produce lumber to attend the so-called group meetings, and therefore he knows nothing from his own personal knowledge as to what occurred.

That he never heard of any agreements or combinations touching production or price.

Testimony of Defendant C. L. Harrison.

(Record, Vol. 3, 1714-1720.)

Secretary and sales manager of the Himmelberger-Harrison Lumber Company, of Cape Girardeau, Mo. Camp located at Moorehouse, New Madrid County, Mo.

Has had 16 years in selling and manufacturing hardwood products.

His plant has a capacity of 50,000 feet a day.

In addition to producing hardwood products, his company is a large buyer of hardwood, as it operates a number of fabricating plants, such as for the manufacture of table tops, mop dowels, and slack barrel headings.

That he has never been approached by any one, nor has it ever been suggested to him that production should be reduced. While other hardwood mills have been tremendously handicapped by reason of bad weather, his mill has been so favorably situated that it was able to produce to its maximum capacity during 1919.

The practical use of the Open Competition reports by this company has been as much for buying purposes as for selling purposes. That he is a very large buyer from mills in his territory of stock which he ultimately remanufactures into such finished articles as desk shelves, mop dowels, bed slats, box cleats, etc.

It is his opinion that if the real cause of high prices of lumber is to be ascertained the methods of the wholesale element should be closely scrutinized and every possible support should be given by the Government to measures taken by the producers to put themselves in direct contact with the ultimate consumer, and thus eliminate the most pernicious practice of merchandising in all lines, which is the concealed profit which exists between the first and last hands in any transaction.

"As a graphic example of this situation, the following transaction is set out:

"The Leming Lumber Company of this city purchased, recently, from the Fisher Lumber Co., of Kewanee, Missouri, a lot of 1" log run willow, at $30 per thousand, and in turn sold it to the Moser-Epler Lumber Co., of St. Louis, at $50. This company in turn sold it to another wholesaler, whose

name is not divulged, at $70, and report has it that that buyer sold it at $95 per thousand. In other words, in the process between an uninformed producer and a possibly uninformed consumer there is a range of value of 300 per cent. This could have been corrected by accurate information on the part of the producer as to real market conditions, and on the part of the consumer by direct contact with a producer satisfied to obtain a fair profit over his cost of manufacture."

TESTIMONY OF DEFENDANT LAWRENCE DORSEY.

(Record, Vol. 3, 1677-8.)

Sales manager of the Dorsey Land & Lumber Company, of Texarkana, Arkansas.

The normal production of his mill is about ten million feet per annum.

At certain of the group meetings that he attended there may have been some informal discussion among members of the figures shown in the sales report, but there was never any discussion of the prices to be charged. Naturally, at times three or four probably came together at table and would discuss the upward trend of the market and would discuss prices that were being received for products; but there was absolutely no discussion by anybody in the way of an agreement, combination, or conspiracy to fix or maintain prices. These meetings were open to the public and anybody could come. There was no secrecy of any kind enjoined or indulged in.

He used the sales reports and other data solely for the purpose of information.

He read very few of the market letters, and the first time that he saw them together was in the Government's bill in this case.

To illustrate, he states that he has no recollection of ever having read the Golden Egg letter of date May 17, 1919, and published and set forth in the Government's bill; and if he did read it he has forgotten all about it, as it made no more impression on his mind than did other data that was coming to lumbermen showing a rising and active market.

Since October 1, 1919, he produced approximately only

one-half million feet of hardwood, whereas his normal production for the same period would have been about four million feet. This limited production was due solely to bad weather conditions. If weather conditions would have permitted, he would have produced to his maximum capacity.

TESTIMONY OF DEFENDANT F. R. BABCOCK.

(Record, Vol. 3, 1544-1563.)

President of the Babcock Brothers Lumber Company. Is an official of a number of producing concerns connected with the Babcock interests. The combined production of all these companies aggregates in excess of 145,000,000 feet a year. These concerns wholesale and job approximately 60,000 000 feet a year in addition to their own production.

That during the year 1919 the production of his mills was materially reduced by reason of the inefficiency and shortage of labor and also because of weather conditions.

He has found, with the same organization, same equipment, and same management, that it is impossible for them to produce more than 65 to 70 per cent of their normal output as compared with pre-war conditions.

In the process of his business, in addition to his main office at Pittsburgh, his companies maintain branch sales offices in New York, Philadelphia, Chicago, Detroit, Johnstown, Pa., Providence, R. I., and South Bend, Ind., and have about twenty traveling salesmen in all. Through these agencies he states that they are enabled to keep in close touch with the business conditions and pulse of the situation by the reason of the fact that they sell their products to the retailing yards, interior trim manufacturers, furniture manufacturers, box manufacturers, railroads, ship companies, etc.

That he put their Tellico River operation into this association in July, 1919. That they joined the association more particularly because of its activities in bringing about the adoption of the universal grading rules for hardwood, a matter that is very beneficial to the lumber industry and an accomplishment for which they had been working for years through other hardwood lumber associations. That when they joined the association they also joined the Open Competition Plan of the association.

Received weekly sales report and monthly stock report issued by the Open Competition Plan, which proved of some assistance in connection with his manufacturing policy, guiding him as to which were the most advantageous thicknesses in which to manufacture his products. Otherwise, that these reports were of little value to him, because he received substantially the same information through his sales agencies.

To substantiate this fact, affiant brought with him correspondence passing between Mr. J. J. Rumberger, sales manager of the Philadelphia office and the Pittsburgh office, as well as a "Dear Boys" letter, which he occasionally addresses to his salesmen, and which he files as Babcock Exhibit 1 (R., Vol. 3, 1546-1563).

He never read weekly market letters until he read extracts from them as appearing in the bill of complaint.

The first and only group meeting he personally attended was at Cincinnati in January of this year. At this meeting there was no action taken other than a general discussion of the business and an exchange of conditions that existed in different localities, difficulties that were apparent from the manufacturers' standpoint, and a general discussion upon the terms of sale.

He has never participated in any agreement, understanding, combination, or otherwise whereby the prices at which hardwoods were to be sold on the market were to be fixed, maintained, or enhanced, nor has he ever changed his selling price to his sales offices as a result of examining the weekly and monthly reports.

BABCOCK'S EXHIBIT No. 1.

(Record, Vol. 3, 1546-63.)

(This exhibit comprehends a file of letters passing between the witness and his sales manager at Philadelphia, Mr. J. J. Rumberger. The letters are intimate talks between the responsible head of a big hardwood lumber organization and the man who is responsible for the sales policy of the company. These letters are dated August, 1919 to January, 1920, which comprehends a period that

reflects the activity of the alleged conspiracy when it must have been in full swing. Babcock was one of the alleged co-conspirators, having joined the plan in July, 1919. He was, therefore, when he wrote the letters, from August on, just freshly inducted into the alleged combination. It would seem that if this man had been consciously participating in some selfish organization activity, such as the bill charges, one would find the circumstances reflected, or at least squinted at, when the very thing that the alleged conspiracy was designed for was under discussion, to wit, hardwood prices, and yet there isn't an intimation that the most suspicious mind could interpret as a reflection of the influence of the alleged illegal combination. Space will not permit setting forth all the letters. We cannot refrain, however, from calling attention to the letter of September 3, 1919 (R., Vol. 3, 1562), written by Mr. Babcock, which was a general letter sent to all his salesmen, the one in the record being sent to Mr. Rumberger, at Philadelphia. A portion of this letter is as follows:)

* * * "We are now getting good prices, the best we have ever had; some think too high; others think they will be higher. Personally, I think we should be contented with what we are now getting, and put our best foot forward to cope with the situation, and keep things going to the very best of our ability. I do not mean to loosen up and get reckless and sell stock we do not have, because when we attempt to buy anything not on the list it is exceptionally difficult. * * *"

"The real purport of this letter is to ask you one and all to study our stock lists, and make a determined effort to sell the material you find accumulating at different points. We are still long on No. 2 common A poplar; we are getting an accumulation of No. 3 chestnut; we have not moved a large amount of No. 2 hardwood from Mill No. 3. In fact, I could enumerate many items, but I prefer you to look over your lists and learn for yourself just the things we want to move. Study your trade; try to develop a mar-

ket for stuff we want to sell, and let us all pull together with the hope that the next four months may be as interesting and as satisfactory, if not more so, than any we have had in years past."

* * * "Lumber is no higher than it should be as compared with other commodities and the cost of everything that goes into its production. Lumber is the one great industry that went through the war without deriving any benefit, although it contributed more to the direct success of the war by helping develop our army than other commodity.

"Much of our material was furnished at a loss, and after the amistice was signed prices naturally had to advance in order to level up with other commodities, which has created the feeling, although a false impression, that lumber has gone outrageously high and prices cannot be maintained."

(The only place in these letters where it could be claimed that Mr. Babcock had before him the sales data of the association when discussing the company's problems with his sales manager is in the letter of August 5, 1919 (R., Vol. 3, 1546), where this statement is found:)

"It might be interesting to you to know that we know of sales made by W. M. Ritter Lumber Co. in the Philadelphia territory of 4/4 at $47.00 and 5/4 at $52.00, and if they can sell their cars at these prices, the Lord knows we should be able to sell ours at our prices. What do you think?"

(As reflecting rather a frank comment on market conditions, we find the following as of November 24th, from Rumberger to Babcock (R., Vol. 3, 1558):

"These prices are awful. It looks like a crime to ask them. The market is bare of lumber; it is surely a runaway market; I never saw anything like it."

(If this situation had been brought about by a conspiracy, this man Rumberger and Babcock knew the facts. They were writing to each other in confidence. Would you not

expect to find some intimation of the agreement as set up by the bill?

It is proper to call the court's attention to the fact that care will have to be used in handling the record as to these letters, because there is confusion as to the order in which they are printed therein.)

Testimony of Defendant W. L. McKay.

(Record, Vol. 3, 1616-17.)

Vice-president and secretary of the Aberdeen Lumber Company, Pittsburgh, Pa. This company has been engaged for ten years in the business of a wholesale lumber dealer, and for a number of years past the said company has had an arrangement for the sale of hardwood lumber produced by the following, among other manufacturers: William Lorimer Lumber Company, Creston Hoop Company, McDonald Brothers, Botany Bay Lumber Company.

That the arrangement for the sale of lumber produced by these manufacturers is that his company makes sales of their output at such prices as it is able to obtain upon the market. That two of the companies above mentioned, to wit, the Creston Hoop Company and the William Lorimer Lumber Company, are members of the American Hardwood Manufacturers' Association and of the Open Competition Plan; that the other two manufacturers named are not members of the plan, nor members of the association, nor is his company a member of the association or plan. That it handles the output of all these mills in exactly the same way as other mills, without any limitations or restrictions because of membership in the said plan or association.

Testimony of Defendant R. V. Kimble.

(Record, Vol. 3, 1635-7.)

Manager of J. H. Leavenworth & Son, hardwood lumber manufacturers; plant located at Greenville, Mississippi.

That during his experience as a hardwood producer he has never known conditions in the woods as bad as during the year 1919. The normal output of his mill is 9,000,000 feet. Laboring against great disadvantages, he was able to produce during 1919, 7,000,000 feet. His log production was very heavy in cost increase.

He attended only one or two group meetings. He has no recollection of prices being discussed at either of these meetings.

Never in his business experience has he known such a demand for hardwood lumber as in 1919. To attempt to fix or enhance prices would be futile, as buyers were bidding against each other for stocks.

That he received and read some of the market letters issued by defendant Gadd; that these letters had no control over his policy as regards sales or prices.

That the sales reports issued by the Open Competition Plan were of no particular benefit to him or his firm, for the reason that the market had changed and generally advanced before he received these reports, and that he referred to them more as a matter of curiosity than for any other reason.

The sales reports were of value to witness and his firm to the same extent that any information relating to fundamental business conditions is of value to a business man. All information, whether obtained from the Open Competition Plan, from newspaper reports, from conversation with competitors, from correspondence with buyers, or in any other manner, is necessarily of value to a sales manager of a business concern, but these reports in nowise controlled witness or his firm in fixing the price at which it sold its lumber.

The information obtained through these reports is of value, in his opinion, as reflecting what has actually transpired in the industry, and as such is of interest to a business man who desires to conduct his business with full information as to fundamental conditions in his own industry.

Testimony of Defendant F. H. Stanford.

(Record, Vol. 3, 1654-5.)

Sales manager of the New Deemer Manufacturing Company, Inc., of Deemer, Neshoba County, Mississippi.

His mill has a capacity of 25,000,000 feet. During the year 1919, due to logging conditions, his production was 50 per cent of normal. He has been thirteen years in the business and never during that time has he known of such condition of the woods as prevailed during 1919. The problem of the Southern hardwood producer was production and not marketing.

He attended group meetings at Memphis, Tenn., and Jackson, Miss. At these meetings general conditions were discussed, such as logging, labor, and operating conditions generally. That at none of these meetings was any attempt made to fix, maintain, and control prices, nor in his opinion would such an attempt be of any value, in view of conditions as they existed.

He has received and read most of the market letters from the defendant Gadd; that he used these in the same way he did articles in trade journals and other commercial reports; and, to the extent that any business information and well-founded business views are of interest to a business man, he found these letters of value, and only to that extent.

He states that in nowise did these letters control his business policy, either in relation to production or distribution.

He received the sales reports issued by the defendant Gadd and found these reports of value as regards the actual sales made, but states that these reports were of indirect value, as they were reports of sales of *from ten days* to two weeks past, and the market generally had changed. They were of value, however, as to the general trend of the market. * * *

He received, read, and examined regularly the stock reports issued by the defendant Gadd, and found these stock reports to be of great value as an aid in manufacturing, as they were an index as to the proper thicknesses, grades, etc., that were in demand. In his opinion, these stock reports were of value to his customers.

The trade of his firm is largely with the wholesalers.

Wholesalers, from the very nature of their business, are of necessity in touch with information not available to the ordinary producer, and he has found all the activities of the Open Competition Group of value to him in assisting him to be able to meet the wholesalers on terms of equality as regards knowledge of business conditions.

SUPPLEMENTAL TESTIMONY OF DEFENDANT JAMES E. STARK.

(Record, Vol. 3, 1726.)

That not more than 2 per cent of the hardwood mills have equipment for and facilities provided for running night shifts, the conditions, in this respect being very different in the hardwood industry than in the soft woods, where a very large per cent of mills are so equipped as to be able to run at night.

It is his belief that for the last year all of the hardwood manufacturers who had equipment and facilities for running nights did run night shifts in order to increase production.

He knows the fact to be that in the Memphis territory there are four mills that could run night shifts, and during the last year all of them have run night shifts for several months, and he believes the fact to be the extent of the night operation has been only limited by the supply of logs. His company has run at night for several months during the last year and his night operations were limited only by the log supply.

TESTIMONY OF DEFENDANT RALPH MAY.

(Record, Vol. 3, 1627-8.)

Member of the firm of May Brothers; mill at Memphis, Tennessee; that his normal output is approximately twelve million feet per year. During year 1919 he had the worst operating conditions, due to the difficulties in obtaining logs on account of the excessive rainfall and bad weather, that he ever experienced in his twenty years in the hardwood manufacturing business. In spite of these handicaps in the year 1919, his plant produced fifteen million feet of lumber.

The plant, part of the time, ran at night.

That he was also handicapped by the car shortage, which rendered bringing logs to his mill still more difficult, his plant depending entirely on the railroads for its supply and not on the river.

That from his observation he is well acquainted with the other hardwood producers of Memphis and vicinity, and that all of the members, whether members of the Open Competition Plan or not, were and have been bending every effort to increase production.

That at the present moment his plant is not running nights, for the reason that his firm is pushed to secure sufficient logs to run daytime, but that he is pushing his plant to its full capacity to his log supply, and that as his log supply increased his output will automatically increase.

That at the present moment he is having timber cut in the woods for the purpose of running nights, as soon as the logs can be brought to his mill.

Testimony of Defendant W. J. Stebbins.

(Record, Vol. 3, 1630-3.)

Assistant manager of the Lyon Lumber Co., located at Garyvilie, La., and during 1919 was sales manager. During 1919 the mills were run day and night; weather conditions were such that it was difficult to log woods. Due to extraordinary effort, he was able to keep his production normal.

He or some representative of the company has attended perhaps six meetings of the Open Competition group during the past year; that he personally attended four or five of these meetings, which were held at Alexandria, Louisiana, New Orleans, Louisiana, and Jackson, Mississippi, respectively; that at no time at these meetings was there any attempt made to fix or increase the prices of hardwood lumber; that in his opinion any such attempt would be useless, as at no time in his business experience has there been such a market for hardwood lumber, such an abnormal demand, and such a restricted supply.

The discussions which developed at the meetings which he attended which were of the most value to him and to his

firm were discussions of operating conditions and the labor problem. Car shortage, weather conditions, the question of the uses and practicability of tractors in the woods, and matters of that sort were the subjects which aroused the principal interest and discussion. The question of price was of little interest to the members participating for the reason that lumber buyers were practically bidding against one another for lumber. * * *

To the best of his knowledge, he never read any of the so-called market letters issued by defendant Gadd. * * *

The report of sales issued by the Open Competition group was of interest to affiant as showing what other producers were receiving, but in no way controlled him in his own sales policy. These reports were of value to him to the same extent that any information dealing with business conditions is to business men. He obtained the information on which he based his sales policy from contact with the trade, conversation with other producers, both members and nonmembers of the Open Competition group, but more especially from conversation and correspondence with buyers and purchasers of hardwood lumber. Once or twice a month his firm issued a stock and price list to its trade. It is the policy of his company to fix a price on its goods regardless of the price of any competitor, from which it does not vary. Frequently his firm was offered a premium on certain stock by would-be purchasers.

That the figures of his firm for 1919 show that approximately 58 per cent of the hardwood sales of his company were to wholesalers, and that only 42 per cent were to retailers and the consuming trade. * * *

In the latter part of April, 1919, in response to a circular letter from Mr. F. R. Gadd, witness wrote the following letter:

"It would be difficult to enumerate the number of incidents at this time in which we have been materially benefited by having had the information before us in the shape that it has been compiled from the various reports that you have issued from time to time. This is particularly advantageous to a firm who have been out of the market for some little time on account of lack of stocks, etc., and then find themselves with some lumber in shipping condition. The first thing that we usually do, and presume that the rest of

them do, is to turn to these reports and find out what the market price is.

"The seller then has some basis on which to make the price. He knows whether his stock is what would be termed a good average run or whether it is of a poor average, and can base his prices accordingly. In other words, you are dealing this way with an intelligent competitor, or dealing with a competitor who knows the market if he will take the time to refer to these reports, whereas if he doesn't he is liable to be offering his stock $5.00 below what it is actually bringing, which, of course, would have the effect of demoralizing the market, and if he offered it at $5.00 above what the stock is bringing, on an average, the other fellow, of course, gets the business, and the first thing that enters the seller's mind is that there is no market or demand for that particular kind of stock; consequently he begins to tell his friends that business is very poor; and this, like some diseases, has a tendency to become contagious, the more you come in contact with such cases."

(COMMENT.—This letter from the so-called booster file is very illuminating. In the Government's bill an extract is quoted. When the context is considered, it is clear that the quoted portion is without offense. To one who understands the industrial problem, the very matter quoted in the bill is quite clear. To a mill that for a given period has not been on the market and having no other means of market information, the sales report serves the same purpose as the press report of the grain, cattle, or cotton market to the farmer.)

TESTIMONY OF DEFENDANT S. M. NICKEY.

(Record, Vol. 3, 1727-8.)

Witness is president of Nickey Brothers, Inc.

During the year 1919, in spite of the worst labor, car, and logging difficulties he has ever experienced in his 31 years of the hardwood lumber business, his firm succeeded in producing about the same amount of lumber that it did in 1918.

Notwithstanding the general advances in the prices of

hardwood lumber in the latter part of 1919, his firm endeavored to increase production by securing a crew and running nights. That it secured this crew, secured the logs, and did actually run nights two weeks in October, one week in December, two weeks in January, 1920, and three weeks in February, 1920.

His firm would be running its mill and plant continuously night and day had it been able to secure the labor to man the mill. That the only reason for his not running his plant the entire month of October, all of November, and part in December that it did not run was inability to secure a crew of men.

Testimony of Defendant W. A. Ransom.

(Record, Vol. 3, 1709-10.)

President of the Gayoso Lumber Co., with mills located at Memphis, Tenn., and Blaine, Mississippi.

The Blaine plant shut down in October, 1919, on account of inability to get logs, due to weather conditions.

The Memphis plant during 1919 produced its normal capacity; this, however, in the face of very great difficulties. Was compelled to start night runs in order to secure production, and in addition, for the purpose of securing logs, installed much expensive machinery in the woods.

He states that he has had a very active experience as a producer, his operation being one of the very largest in the South, and during his entire experience he has never known manufacturers to make greater effort to secure production than was made during the latter part of 1919.

He states that the plant at Blaine, Mississippi, owing to the inability to secure logs, was obliged to shut down the first part of October, 1919, and has been shut down ever since; but that, in spite of bad logging weather, labor and car conditions, he was able to run his plant in Memphis during 1919 at practically normal capacity. As a matter of fact, however, was only able to get his Memphis mill running in 1919 about the first of April, and in order to increase his production he started running nights about the first of August, 1919, and ran for 66 nights.

To illustrate his logging difficulties and the efforts he has made to obviate the same, he states that he has pur-

chased two locomotives at a cost of $24,000, $13,000 worth of mules and wagons, two caterpillar tractors at a cost of $12,500, and 12 trucks at a cost of $7,000.

Testimony of Defendant J. A. Hemphill.

(Record, Vol. 3, 1637-8.)

President of the Hemphill Lumber Company, with mill at Kennett, Missouri.

That the normal production of the plants of his company is approximately 18 million feet of hardwood lumber, but, in 1919, owing to adverse weather conditions, in spite of the most strenuous efforts, the production did not go above 13 million feet, and this also at a much increased expense.

That he has probably attended eight meetings of the Open Competition Plan at Memphis, Tennessee. He states that at the meetings which he attended no effort of any kind was made, to his knowledge, to fix, maintain or raise prices of hardwood lumber, any discussion in that respect being merely as to the general trend of the market and as to market conditions. In his opinion, the most interesting and valuable discussion at these meetings, both to himself and the other members, was as regards operating conditions at the mills and the logging conditions in the woods. These and not sales questions are the real problems now confronting the hardwood producers. From these discussions he obtained valuable information and suggestions as to operating problems which he would not have obtained except by such discussions with other experienced and capable operators. * * *

That he received and read the market letters of the defendant Gadd. These letters he read and studied exactly as he read and studied articles in the Southern Lumberman and other market letters, reports, and discussions of market and trade conditions in all the trade journals. These market letters he found of value exactly as he found any intelligent discussion or report of market and business conditions of value. In his opinion, under modern business conditions, no man can properly conduct a business of any volume without thoroughly informing himself as to

conditions, as to labor, production, and market. To keep abreast of business conditions, market reports and trade discussions are absolutely essential. He maintains no sales organization or branch offices, and all selling is done from the plant. Unless he is able to obtain market letters and information generally from trade authorities, he is in no position to intelligently conduct his sales operations.

The association work has, in his opinion, been of a special benefit to the producers, and is the only method by which the producer, without a sales organization, can intelligently deal on fair terms with the wholesalers. It is his experience that lack of information on the part of producing mills is of advantage only to the wholesalers, and does not benefit the consumer. * * *

The stock reports are of great benefit to the producer in enabling him to cut lumber of dimensions which are in demand and prevent him from overstocking on lines which are not moving. In his opinion, these reports, by enabling the producer to intelligently cut his stock are of benefit not only to the consumer, but to the general public. These stock reports enable the producer to better and more intelligently serve his trade.

He states that he has no agreement or understanding, express or implied, with the Open Competition Plan, or any member thereof, to control, fix, maintain or raise prices of hardwood lumber. Not only has no such thing been attempted, but in his opinion, no such thing could possibly be done. * * *

At no time in his business experience has there been anything approaching present market conditions in hardwood lumber. The demand is absolutely unprecedented, and the stocks on hand are, owing to both the demand and to adverse weather conditions and railroad and labor conditions, smaller than ever before in the history of the industry. Hardwood lumber is being bid for by buyers at the present high prices, which, in his opinion, will be relieved only when the usual supply of logs are obtainable, and production is thus enabled in some measure to catch up with the demand.

Testimony of Defendant F. B. Dabolt.

(Record, Vol. 3, 1657-8.)

Assistant general manager of the Bond Foley Lumber Company, with plant at Bond, Kentucky.

Normal output of plant is 60,000 feet per day. During 1919 output was about 50 per cent of normal. His mill is a mountain operation, and weather conditions did not interfere. Reduction in his output was due to labor troubles and to the inefficiency of labor. That he attended the group meetings; does not recollect any price discussions, and found these discussions were of great value and enabled him to get the result of the experience of other men who were confronted with his problems.

Received the market letters as issued by defendant Gadd and read most of them exactly as he would read all other market reports or literature bearing on fundamental conditions in his business. He states that he was in no way controlled by these market letters or by any reports of the Open Competition Plan in his sales policy or in the fixing of the prices of his products.

Paid little or no attention to the stock reports of the Open Competition Plan, finding them of no particular value to him in his line of business, as he disposes of all the quartered oak and chestnut produced by his mill to an associate in the furniture business and markets the bulk of the balance through wholesalers or direct to consumers.

He received the sales report of the Open Competition Plan and found these reports of great use in keeping him informed as to the trend of the market. This information was of value to him in enabling him to gauge the worth of his lumber, but that in no way were his prices controlled by these sales reports.

The information contained in these sales reports was of especial value, for the reason that his firm travels no men and has no sales organization, and unless he had access to these sales reports he would have been obliged to have obtained this information at considerable trouble and expense, or else have depended entirely on the statements of buyers as to the market value of his product. In that way these sales reports were of practical and financial value to him.

Testimony of Defendant M. B. Cooper.

(Record, Vol. 3, 1642-5.)

Vice-president of the Carrier Lumber & Manufacturing Company of Sardis, Mississippi. Has had extended experience in production and distribution of hardwood products.

Production was materially handicapped during 1919 on account of weather conditions and inefficiency of labor.

The group meetings were open, free to the public, and there was never an inquiry by anybody at the meetings as to who was present or who was not present. In short, there was no possible secrecy about these discussions.

In reference to the reports that were issued by the Open Competition Plan, such as the stock and sales reports, as well as the monthly data compiled relating to the source of inquiries and the percentage of sales to the different classes of consumers, he states that when the monthly stock report reached his desk he invariably checked it over with a view of ascertaining as to what grades and thicknesses were piling up and what grades and thicknesses were becoming scarce, and oftentimes he has changed his sawing instructions to the mill due to the information obtained through these stock reports. This certainly resulted in a benefit, not only to the manufacturer of lumber, but also in a benefit to the consumer of lumber, for without this information they would possibly have gone on producing grades and thicknesses for which there would have been little demand, instead of producing grades and thicknesses for which there was a heavy demand.

The data procured in answer to the questionnaire sent out by the Open Competition Plan was also valuable, not only to the lumber manufacturer, but to the consumer of lumber, in that the manufacturer secured from the data obtained in answer to the questionnaires an insight into the sources of the demand for lumber, and as the different classes of consumers used different species, grades, and thicknesses of lumber, the manufacturers would naturally realize, upon receipt of information from this questionnaire, that a large demand for lumber was coming from, say, the furniture group of consumers, and would begin to produce the grades and thicknesses required by the furniture trade, thus immediately be-

ginning to relieve any shortage that might otherwise have occurred in the grades used by that class of consumer, and benefiting himself by producing grades and thicknesses that were readily salable, instead of piling up stock for a class of consumers that were not actively in the market.

(COMMENT.—As illustrating the witness' understanding of the use of the sales reports, his testimony discloses that prior to his connection with the Carrier operation he represented a large hardwood producing concern known as the Three-States Lumber Company. This company had a very large body of cutover land that was used for the raising of cotton. As representing the Three-States Lumber Company, he had charge of the sale of the said cotton. As indicating his method in determining values for the cotton, he states:)

"That in his service in connection with the Three-States Lumber Company he sold from time to time cotton which they raised on a large body of land which they had under cultivation. That when he sold cotton for them he would ascertain from the Memphis cotton market the prevailing prices for cotton and govern himself accordingly, using his own judgment as to whether to sell or to hold, to ask more or to sell for less. The information which Mr. Gadd furnished he used in exactly the same way that he used the information which he gathered from various sources as to the Memphis market in selling cotton. It was never intended nor was it intimated that it was intended in any other way. There was no penalty on anybody for selling at any price; no criticism for selling at any price; every member was an absolutely free agent, and this was thoroughly understood by everybody."

TESTIMONY OF DEFENDANT WM. I. BARR.

(Record, Vol. 3, 1689-1690.)

Member of the firm of Barr-Holliday Co.; mills located at Louise, Miss.; has had thirty years' experience in the hardwood lumber business. During most of this period he

operated in Ohio, but since 1906 he has operated in the Mississippi Delta.

During all of his experience he has not known operating conditions to be so difficult as during the past two years; neither has he ever known stocks of lumber in the hands of manufacturers be so low or the demand so insistent.

The problem of the manufacturer is production, not price. He has read Mr. Gadd's market letters, but was in nowise influenced in his sales policy. He uses the sales report data in the same way that he uses information that he gathers from his own observation, as well as from the reports made to him by his salesmen. He values this data, because it gives him information as to what the same character of mills are getting for their products.

In addition to producing lumber, he farms and raises live stock. He receives from the Agricultural Department of the United States daily market reports, and those from ten of the leading live-stock markets in the United States. It is his experience that if men are well informed they can intelligently conduct their business operations, but not otherwise.

He finds the stock reports of value in keeping him informed as to the grades and thicknesses into which he should cut his lumber.

He knows of no agreement or understanding as to reduction of prices.

The group meetings were open to the public and he has on occasion invited men not members of the association to attend as his guests.

Although his selling office is located in the East his mills are located in the South. He attends the Eastern group meetings, and, as stated in certain of these meetings, the Southern operators were getting better prices for their product than the Eastern mills. The reason for this, however, is the fact that operations have been more seriously handicapped in the South. Therefore, stocks are lower, and it is due to this fact that they get better prices. In advising the members at these group meetings of the price situation, as herein indicated, he did so solely as a matter of information and without any purpose to create an understanding whereby a higher price might be secured.

Testimony of Defendant E. B. Norman.

(Record, Vol. 3, 1684-5.)

President of the Holly Ridge Lumber Company; operates a mill at Holly Ridge, Monroe, Meeker, and St. Landry, Louisiana.

His lumber is marketed through an organization that has branch offices in Grand Rapids, Kansas City, Indianapolis, and Baltimore.

Ninety-five per cent of the output of these mills is sold directly to the consuming trade, such as furniture, automobile, cabinet manufacture, etc. His output is approximately forty million feet per annum. During a portion of 1919 it was impossible to conduct logging operations in his mills on account of the weather; that no expense was spared to secure production. New railroad lines into the woods were built at an enormous expenditure, in order to secure production.

He states that he attended very few of the group meetings. Receives the weekly sales reports and finds them of benefit to him, and this in two respects. It keeps him informed as to the market prices of lumber, a matter as to which he formerly had only the information from his customers, and it was not always reliable; secondly, said reports advise him as to the production of the various items of lumber and the demand, thereby aiding him in the production of those items for which the demand is greater rather than the products for which there is little or no demand.

Knows of no agreements or combinations to maintain prices or control production; on the contrary, this company and its employees have used extraordinary efforts to increase production.

It has been his understanding that in exchanging information as to market prices that he was participating in a plan along the same lines as is indulged in by boards of trade, live stock, grain, etc.

Testimony of Defendant C. H. Sherrill.

(Record, Vol. 3, 1693-4.)

President of the Sherrill Hardwood Lumber Company of Marysville, Louisiana; also president of the Sherrill Lumber Company of Paducah, Kentucky.

He states that in his mill operation he experiences the same difficulty in production as other mills have had.

Sells his mill production to factory consumers and to wholesalers.

Considers the sales reports and market letters received from Mr. Gadd as supplementary information to that he obtains from reading the *New Orleans Trade Journal*, the *West Coast Lumberman*, the *American Lumberman*, and other trade papers; also Babson's Report and other commercial reports.

The sales report does not always reflect the market, because it is received too late.

He purchases lumber upon the open market to supply the needs of his plant at Paducah, and buys wherever he can buy to the best advantage. In these purchases he buys not only from members of the Open Competitive Plan, but from purchasers who are not members of the plan at all.

He has never attended any of the group meetings and is therefore not familiar with what transpired. He has a brother who is associated with him, who has attended one or two, but he has not received any report from his brother of what transpired, and is unable to give any information as to the group meetings.

Knows nothing of agreements to fix prices or curtail production. On the contrary, he says that of his own initiative he determines the prices he will charge for his product and has done so in the light of conditions as he finds them, as a result of personal contact with producers and consumers and a study of current industrial conditions. The controlling factor in his selling policy is the law of supply and demand.

Testimony of Defendant E. A. Lang.

(Record, Vol. 3, 1646-9.)

Secretary and sales manager of the Paepke-Leicht Lumber Company, with miils located at Greenville, Miss., and Helena and Blythesville, Arkansas. This company also operates a box factory at Greenville, Miss.

During 1919 and including the months of January and February, 1920, he sold from production of his company twenty-six million feet of hardwood lumber.

Logging conditions were very bad during the latter part of 1919, on account of rains. This situation prevented piling up a surplus of logs that would be available for spring and summer use in 1920.

That at no time during the period covered by the bill did his company undertake to reduce production; on the contrary, sought to accentuate production as much as possible.

His company has a well-organized sales and lumber purchasing department and during the year 1919 made very large purchases of lumber on the open market, buying wherever he could to the best advantage.

He considers the principal value of the sales report as it touches those hardwood products of which his operation produces but small quantities and accumulates but a few cars during the season. As a result of the small production, his company is out of the market most of the time for this product. The sales report is of value as indicating market conditions when a sufficient quantity of stock has been accumulated to market.

That his firm also receives the stock reports issued by the manager of statistics, Mr. Gadd, and that the information contained therein is considered principally in determining the various thicknesses of the several kinds of hardwood lumber in the hands of the reporting members, which would enable his firm in directing its production to maintain as nearly as possible at all times a well-balanced stock as to thicknesses. In other words, such information assists his firm in determining the apparent surplus or shortage, as the case may be, of the various thicknesses, and regulates their own production accordingly, so as to serve or furnish

the hardwood consumers with all such items that they may have difficulty in purchasing from his firm or its competitors.

During the year 1919 he attended five or six of the Memphis group meetings of the American Hardwood Manufacturers' Association. He did not attend all the meetings. These meetings were open to all hardwood producers, whether they were members of the Open Competition Plan or not, and at times consumers were also present and were always welcome. At the meetings attended by him there were general discussions indulged in dealing with labor, car shortages, weather conditions, logging conditions, collections, and generally all industrial problems affecting the hardwood industry.

That at no time has his company or he individually, either directly or indirectly, been a party to any combination, conspiracy, plan, agreement, or otherwise to maintain, fix, or enhance prices for hardwood products. On the contrary, he says that in so far as the sales policy of his company is concerned, as well as his own policy, they have always acted absolutely independently and upon their own initiative.

Testimony of Defendant E. C. Glenn.

(Record, Vol. 3, 1652-3.)

Vice-president and general manager of Big Salkehatchie Cypress Company of Varnville, South Carolina. Has had twenty-two years' experience in the hardwood industry. Operating conditions in the woods during 1919 and the forepart of 1920 were very bad; output for 1919, 60 per cent of normal; logging carried on at a greater expense than in any other year during his business experience. Stocks throughout the Southern hardwood territory were very low during 1919 and the demand excessive. The buyer and not the seller fixed the price, buyers competing with each other for the product. Never in his experience has he seen so many buyers coming direct to the mills to purchase. Since the spring of 1919 his company has not been able to produce enough lumber to satisfy the needs of regular customers.

He states that he is a member of the Open Competition

Plan, but that he has *not* attended *any* of the group meetings.

That he received the market letters issued by defendant Gadd, but *paid* little attention to them, considering them no more important than the reports of Babson, Brookmire, and other trade papers and market reports. These letters did not influence, much less control, him or his concern in determining its price policy.

He received the stock reports issued by the Open Competition Plan and found them also of value in determining what thicknesses to cut and what species and items to place on the market. That these reports in no way controlled his price policy.

During the year 1919 their prices were based on the following methods, which developed during that period of abnormal conditions and which was different from that hitherto used, namely, the offering of a small amount at certain prices. If the price as submitted was low, the stock was immediately bought by wire; if the price was high, no replies were received to the offers. This method, coupled with the general information furnished by salesmen selling their stock, comprised the means of arriving at the prices charged. * * *

He found labor efficiency so low that he could not log his mills with the logging equipment he had, which previous to the war had overlogged his mill, and was obliged to put another skidder in at a cost of $31,000.

On April 25, 1919, he wrote as follows to Mr. Gadd in response to a circular letter asking for opinions on the Open Competition Plan. Witness states that this expresses his views at the present time as well:

"The Open Competition Plan appeals to us as strongly as any other of the activities of any lumber association, not only from the satisfaction of knowing what your competitors are doing, but it puts pep in your general thoughts of the manufacturing and marketing of your lumber.

"In studying these reports, we find them conducive to attracting your attention to grades, manufacture, and manner of shipping to a very large extent. Am sorry that we are so far away from where the meetings are generally held that we are unable to have a representative or be there ourselves, but this is due to the conditions which we are working under more than anything else, and we certainly hope to soon be

able to take advantage of this opportunity and attend these meetings."

TESTIMONY OF DEFENDANT T. R. LE SUEUR.

(Record, Vol. 3, 1671-4.)

Sales manager of the John B. Ransom Company, which operates several hardwood mills, the principal operation being located at Nashville, Tennessee.

The capacity of his mills is approximately from forty to sixty million feet per annum.

During the year 1919, due to advantageous location of mills and extended effort, the output was practically normal.

His company not only operates hardwood mills, but is a large consumer of hardwood products, having two hardwood flooring plants, a box factory, a furniture factory, a veneer mill, and other wood-working plants. For these consuming operations he is in the market constantly for large volumes of hardwood products, buying wherever he can buy to the best advantage.

As an indication of the volume of business done, he states that during the month of January, 1920, the gross sales of the lumber mills and subsidiary organizations were in excess of $500,000.00.

He receives current issues of the so-called Weekly Sales Report, and states that for the months past he has made no practical use of the data and rarely refers to same, because the demand for hardwood products has been so out of proportion to the supply that it is not a question of selling, because lumber is now being bid for by buyers.

Notwithstanding the very large output of his companies, his stocks are below normal and it is impossible for him to accept all the orders received.

Within the last thirty days he has sent out approximately three thousand letters to hardwood mills in the States of Kentucky, Tennessee, Alabama, Georgia, and Mississippi, asking for offers of hardwood lumber; that he received very few answers to his widespread communication, and such answers that he did receive indicate a very small amount of lumber available, and this especially of dry stocks.

He receives the stock report issued by the association,

but during the year 1919, on account of the abnormal conditions, did not furnish Mr. Gadd the data as to stocks from his own mills in any regular method, and this only very occasionally. He made no use of the stock reports that he did receive from Mr. Gadd.

As to the market letters that it is claimed Mr. Gadd issues, if he ever read one, he has now no recollection of it.

He attended three or four group meetings of the Open Competition Plan at Cincinnati during the year 1919. As to the discussions that were had, he has no recollection of the subject of prices ever having been discussed directly or indirectly. He does recall certain of the matters that were canvassed, because of the particular situation of some of his mills. He had a mountain operation, wherein there were certain operating difficulties that had to be overcome, and at one or more of these group meetings he had an opportunity of canvassing these industrial problems with men who were well acquainted with the situation, and received some valuable suggestions. Beyond this particular item, he recalls that subjects such as labor, car shortage, logging conditions, credits, trade extension, and matters of this character were discussed and many valuable suggestions made. It is his thought that in so far as these group meetings are concerned, and this whole co-operative movement, there is opportunity for many practical helps to be gained therefrom, and it was with this thought in mind that he replied to Mr. Gadd when he wrote asking for opinions touching the Open Competition Plan in May, 1919. Affiant wrote in reply to Mr. Gadd as follows, as of date of May 28th, 1919:

"Replying to yours of the 27th inst., in which you request that we submit an opinion on the Open Competition plan:

"We think our opinion can be summed up into one word, *"Splendid,"* for it certainly is a splendid proposition if all the members will co-operate. Unfortunately, we have been so situated since we became members that we could not lend our co-operation as we would like to have done. On account of other very important matters, we have not been able to attend as many of the meetings as we would like to have done, but we hope to do better in the future."

The above letter exactly expresses his thought as to the value of this co-operative movement.

That during the year 1919, and before that time and

since, he has never had the least understanding that, due to his co-operation in the Open Competition Plan, he was under any obligation, moral or otherwise, to maintain or enhance any of his hardwood prices.

Testimony of Defendant H. B. Weiss.

(Record, Vol. 3, 1663-9.)

Secretary-Treasurer of George C. Brown and Company, of Memphis.

Has been actively engaged in the manufacture and marketing of hardwood products for nine years. His mill is located at Proctor, Arkansas. Lumber is produced from his own timber, excepting as his company buys logs from farmers from time to time. Sells approximately 30 per cent of his output to the wholesale trade. His production is approximately twenty million board feet per year. Was not able to produce his maximum production during 1919.

After the signing of the armistice there was much uncertainty in business circles as to business conditions. Due to these circumstances, he closed his mill and did not open same until April, 1919. When he closed his mill, as stated, he had a substantial stock of lumber on hand. During the time he was closed much of this stock was moved. Although business conditions had not resumed by April, he nevertheless commenced operating in that month and continued until about the middle of December. He was then compelled to close on account of log shortage.

It is the custom of his mill, as well as others, to stock up with logs during the fall in order to be prepared for spring and summer production, when logging, as a rule, is handicapped by the rainy season. He was unable to stock up on logs in the fall of 1919, due to weather conditions.

Received regularly the weekly sales report of the Open Competition Plan; found it of considerable benefit, for the reason that his product consists of a variety of woods, some of which they manufacture in very small volume, and, due to this fact, it is a difficult matter to keep informed as to the current market values. The sales reports show the prices that have been obtained for this type of production. Could secure this information from competitors who have sales organizations. To do so, however, would require a good deal

of time and trouble. The sales report readily supplies the information that he would otherwise have to search out.

"At this point, I would again emphasize the fact that we have no traveling salesmen, and our only direct contact with the market is the prices offered by the buyer. Of course, I review currently the trade press and all market information that is available, but I have no access to any record that reflects the state of the market in the light of actual transactions, other than through the sales report.

"It should be understood at this point that my company markets its lumber in those common centers of consumption served by all hardwood production—that is, the production that comes from Wisconsin, Michigan, Pennsylvania, New York, and the Eastern and Southern territories, as well as Canadian production, comes in daily competition with the output of our mill.

"From time to time the manager of statistics distributes with the weekly sales report what is known as a 'Market Letter.' It has been my understanding that this market letter was simply designed to serve as an indication of industrial conditions generally; at least, I have so treated it. The market letter has no other value to me than Babson's reports, Dun's Review, bank statements, financial and commercial reviews, and other publications that give national and international views of general conditions.

"I also receive the monthly stock reports issued by the American Hardwood Manufacturers Association. This is a compilation of stocks of hardwoods on hand, sold and unsold, of various grades and kinds. I have found this report of invaluable assistance to me in determining into what particular thicknesses and grades to manufacture our logs. This is a problem that is continually confronting us, because our product is not, as a rule, sold until it has been manufactured and conditioned, which is possibly an average of six months after the material is sawed. By 'conditioned' I mean dried and cured. I have found that in the past, in the absence of knowledge of stocks in the hands of my competitors, that I would instruct our mill to saw a certain thickness only to find later that the market carried a burden of these particular thicknesses, and it was with great difficulty that they could be marketed, whereas consumers were in great need of some other thicknesses that we could have manufactured."

"Group meetings are open to the public—that is, they are not confined to members of the Open Competition Plan. Representatives of the Memphis press, as well as representatives of trade journals, also attend the meetings. It has been the custom of the manager of statistics (Mr. Gadd), in notifying me of these meetings, to request that I bring to the meeting hardwood manufacturers who are not even members of the association, which I have done.

He recalls that in the early part of 1919, at one of the group meetings a discussion developed as to what grades and thicknesses were moving and the price realized therefrom, as shown by the record of past sales. Subsequent to this meeting this form of discussion was discontinued, due to the advice of attorney for the association, and this on the theory that such discussion might be questioned as to its purpose.

"In the early part of 1919, Mr. Gadd, as secretary of the Open Competition Plan, wrote a letter to the various members of the plan, seeking to elicit opinions as to the value of the plan to the members, and this for the purpose of inducing those who were members of the association, and yet were not participating in the plan, to join in the effort. In reply to Mr. Gadd's letter I wrote, as of April 28th, 1919, as follows:

" 'We return herewith your market condition report. We might state that perhaps the most direct benefit your price plan has given our Company was at a recent Memphis meeting, when it developed our company was carrying an unusually large stock in thoroughly dry gum, and seemed to be the only one among those present who had it, other firms having moved out their stock. Within two weeks from the date of this meeting, where it developed there was a big shortage of red gum items, we found a most unusual demand at prices we had not hoped for.

" 'It is difficult to estimate just what this information meant to us. At any rate, it would not be much out of the way to say that this information enabled us to obtain business for these items that brought us returns over and above our anticipations—returns probably five to ten times more than our annual dues.'

"The above letter is set forth in the bill filed by the Government and is found on page 16. The circumstances sur-

rounding the red gum item referred to in my letter were as follows:

"The fall and winter of 1918 found us with a large accumulation of stocks on hand in thoroughly dry condition, and we found that it was difficult to move them at the prices we were asking. This condition continued through the earlier part of 1919, and in spite of our repeated sales effort we did not secure any business for red gum as well as some other items. Therefore, at a group meeting at Memphis, when market conditions were being discussed, I found that my competitors had been selling their red gum freely. I advised the group that I had been unable to move our red gum and that we had an accumulation of the stock above normal. It developed that my competitors had been able to move their stocks because their prices were considerably lower than ours. Shortly following this meeting, owing to our insistent efforts to place before the consuming trade of the country our red-gum stock, we commenced to receive a good many inquiries, and this, in part, as a result of the fact that our competitors, who were at the group meeting where I stated we had this stock, informed their customers that we could supply their needs. An active demand for our red-gum stock developed shortly after the above-mentioned group meeting. My sole thought in writing this letter above referred to, touching this red-gum stock, was to indicate that I felt that I had been benefited as a result of my meeting my competitors at the group meeting, as above stated. Nothing was said at this group meeting as between me and my competitors looking to the price that I was going to ask. The fact is I learned at this meeting that my competitors had been asking a much lower price than we had been holding our gum for, and it was due to this fact alone that our gum had not moved. The fact that these group meetings develop a spirit of good fellowship, whereby my competitors are willing to advise a buyer that a common competitor can furnish stock that they do not happen to have, is of great value to me."

He states he sold his lumber according to his own judgment, and this untrammeled by any agreement of any character with anybody.

Testimony of Defendant H. G. Garrett.

(Record, Vol. 3, 1721-2.)

President of the Broadhead-Garrett Lumber Company, plant at Lombard and Clay City, Ky. His normal production is twelve million feet per year. During 1919, owing to bad weather and poor labor conditions, production was 50 per cent of normal and at a tremendously increased expense. Floods washed out railroads and bridges and made logging extremely difficult.

He states that logs for which he formerly paid $7.00 a thousand now cost $20 to $22, delivered from the woods to the logging railroad. He is not only a manufacturer of lumber, but also a retailer and wholesaler, and purchases considerably more lumber than he manufactures. He does not have the absolute figures before him, but it is his best belief that he has purchased at least 80 per cent of the lumber that he has bought at wholesale from members of the Open Competition Plan. He purchases, of course, wherever he can do so to the best advantage, and it is a matter of utter indifference to him whether the firm from which he purchases is or is not a member of the Open Competition Plan.

He states that in his opinion that any attempt to fix, raise, or maintain the price of hardwood lumber under present conditions would be absolutely impossible.

He receives Mr. Gadd's market letters, but has paid little attention to them, as he has his own sales organizations and was in touch with market conditions. He was in nowise controlled or even influenced by these letters. He examined the sales reports and found these of use in checking against information received through his sales organization. In this connection he states that the difficulty with reported prices lies in the lack of uniformity of grades in hardwood lumber. As a concrete example, he states that in the grades of lumber he has frequently found it cheaper to pay some manufacturer from $10 to $15 a thousand more than for the so-called same grade from others, whose lumber, though of the same alleged grade, is really of inferior quality.

He receives the stock reports and finds them of chief value to him as a buyer. This circumstance may account for the fact of buying most of his lumber from members of the plan. He gets the information as to their stocks. He

has been in the lumber business for thirty years; during that time he has never seen a time when the demand was so great and stocks of lumber on hand so low.

Testimony of Defendant John W. McClure.

(Record, Vol. 3, 1649-1651.)

Secretary and treasurer of the Bellgrade Lumber Company, with mills located at Louise and Carey, Mississippi; has direct charge of the sales department.

During the year 1919 had very grave difficulty in his lumber operations, due to weather and labor conditions.

That stock reports of the association are valuable information in the conduct of his business, for the reason that his company may adjust their business from the information obtained by cutting thicknesses and specifications which are in most demand.

In the conduct of the sales department of his company he has placed little value on the sales reports, which, under conditions of a rising market, are ancient history by the time they are compiled and printed and received in his office. His principal interest in these reports is to see how his sales have compared with those of his principal competitors. By the time these sales reports are received, during conditions existing for the past year, the market has advanced beyond the prices shown in the reports, and naturally the reverse would be true in case of a falling market.

The Bellgrade Lumber Company, in addition to their operating business and the marketing of their own products, does an extensive wholesale business, which amounts to approximately 20 per cent of their total volume of sales. The volume of this wholesale business was much smaller under normal conditions, but at the beginning of the advancing market in the spring of 1919 the wholesale branch of the business was developed considerably for the principal purpose of keeping in closer touch with market conditions in assisting in marketing the company's own products at the best values obtainable. In the operation of this wholesale department the custom was to buy lumber at whatever price was asked, and then quote this lumber to the consuming trade after adding a reasonable margin of profit, in this way keeping in close touch with the prices which the consuming trade was willing to pay under the prevailing market conditions.

That the market reports and the sales reports of the association were principally interesting in so far as they confirmed or differed from information which he had obtained from other sources, and when there was an apparent difference in information or opinions he used his best judgment in arriving at an opinion upon which to base his sales. The usual custom on a rising market in making quotations to his trade is to increase the price above the last sale made, and if the customer is willing to pay the price he considers it in line with the market; otherwise, to readjust his prices accordingly.

TESTIMONY OF DEFENDANT E. L. DAVIDSON.

(Record, Vol. 3, 1681.)

President of the Parkersburg Mill Company, of Parkersburg, W Va.

In 1919 there was such a scarcity of logs available for mill operations in his territory that, although his mill produces normally nine million feet per annum, it produced in 1919 but three million feet. During 1919 he purchased at wholesale approximately four million feet of hardwood lumber, these purchases being made very largely from members of the Open Competition Plan.

He is a member of the plan and knows that there is no combination or agreement to maintain or enhance prices.

It is his experience and observation that during the period involved in the bill, especially during the latter part of 1919, buyers were competing with each other in lumber purchases.

TESTIMONY OF DEFENDANT WALTER B. BURKE.

(Record, Vol. 2, 1360-1364.)

Vice-president and general manager of the Land-Fish Mercantile Company, Charleston, Mississippi.

His normal output is thirty-six million feet per year. During 1919 his output approximated twenty-seven million feet. Mill was closed from December, 1919, to April, 1920, on account of high water.

There is attached to his testimony photographs, taken in the woods February 5, 1920, indicating the conditions that existed from November, 1919.

He receives the sales reports. He finds they are about ten days old by the time they reach him, and the information involved in the data is from two to three weeks old by that time. The reports in no way govern or affect his price policy. They are of value as indicating the activities of the different markets. By this he means if there is more lumber selling in Grand Rapids than in the automobile manufacture districts, or *vice versa,* he is guided accordingly in marketing his products.

The stock reports assist him in indicating the kind of lumber to be manufactured. For instance, if 1½-inch lumber is in short supply and the stock report so indicates, the demand is supplied by cutting this item.

He attended three of the group meetings at Cincinnati and two at Memphis. At the Cincinnati meeting there was a discussion as to getting the value of lumber for inventory purposes for the income tax report. Practically the entire meeting was taken up with a discussion of this subject. At the first meeting in Memphis he attended during the war there was a discussion regarding 8 inch and up, first and second white oak, and the method of producing the most for Government use.

At the second Memphis meeting there was a general discussion on market conditions, labor problems, etc.

At none of these group meetings did he hear anything as to future prices.

His company exports a large volume of lumber. During 1919 he exported five million feet, and the prices obtained for export lumber were very largely in excess of the domestic market, running $15 or more higher.

His company buys lumber at *wholesale* from other mills. During 1919 his company bought a large quantity on the open market and resold it, realizing a profit of from $5 to $15 per thousand. During 1919 large quantities were bought from mills within and without the plan.

Due to his familiarity with conditions, he knows the mills paid $110 per thousand log feet for number 1 white oak logs in the vicinity of Charleston, while the same logs in the pre-war period was from $30 to $40. During 1919 this concern sold 16,089,000 feet to consumers, 16,-

063,000 to wholesalers, and exported 5,592,000. In February, 1919, this company had in its mill yard 17,000,000 feet of lumber in pile ready for the market. In March, 1920, the company had but 250,000 feet in pile in the mill yard. This situation is unprecedented and is typical of many operations.

He attached to his statement, marking same as Exhibit 2 (R., Vol. 2, 1364), a copy of the weather report issued by the United States Government in the Charleston station, which discloses that from October, 1919, to January, 1920, inclusive, there were over *34 inches* of rainfall in the territory in which the mill is located, which is an unprecedented situation.

He filed with his testimony six photographs, disclosing condition of his woods, which were taken as they existed in February, 1920, which condition had existed since November 15, 1919. These exhibits are found in R., Vol. 2, 1363.

He states that his selling policy is wholly free of any control from outside interests, and that he considers the association as of valuable aid to his company for the constructive information he is able to secure. That in no way has he any knowledge of any agreement as to prices or curtailment of production.

Testimony of Defendant T. J. Fullenlove.

(Record, Vol. 3, 1682-3.)

Vice-president of the Churchill Milton Lumber Company, of Louisville, Kentucky.

He has mill with capacity of twelve million feet per annum. During 1919 this mill produced three million feet. Logs that supply the mill are carried down the river from the woods to the mill. During 1918 there was such a lack of water they were unable to secure logs. During 1919, as a result of excessive rain and the river flooding, it was impossible to control the log supply. This company lost approximately five million feet, due to logs getting away on account of high water.

Due to conditions, it was necessary for the company to practically abandon its effort to produce lumber at its mills, and they installed a wholesale operation at Louisville, Kentucky, where they have been buying on the open market

and reselling at wholesale. This the company has done until such time as they can resume normal logging operations.

Joined the Open Competition Plan in August, 1919. At the time he joined operating conditions at the mill were such that the plan could be of little value; second, he joined because he was in the market primarily as a wholesaler and not as a producer. He wanted to aid in an enterprise which he conceived to be of value to the industry under normal conditions.

He has received the weekly sales report from Mr. Gadd, which report was no special value to him, because in early 1919 and at the present time he has been engaged, as stated, in wholesale operations, and he has been on the road in touch with consumers and producers, and gathered first hand the character of information that the data distributed by Mr. Gadd represented.

He states that the prime guide to him was the weather conditions.

In purchasing at wholesale he made purchases from those concerns from whom he could buy lumber at best advantage. In this connection he purchased a larger volume of orders from members of the Open Competition Plan than from producers outside of the plan.

He never attended any of the group meetings, nor did any member of the firm. He has no knowledge of what transpired in the meetings.

He said that at no time, as a result of these group meetings, did any information or suggestion come to him, directly or indirectly, controlling his price policy. He has not read the market letters issued by Mr. Gadd. These letters doubtless came to his office, but, as stated, he did not read them. He knows nothing of any agreement or combination to maintain or enhance prices.

Testimony of Defendant James E. Stark.

(Record, Vol. 3, 1658-1661.)

President of James E. Stark and Company, Incorporated, and also president of the Memphis Hardwood Flooring Company; operates two mills, one at Memphis and one at Dyers-

burg, Tennessee. The output of these two plants is approximately eighteen million feet per annum. During 1919 this production was reduced to about nine million feet as a result of weather and labor conditions. In so far as the curtailment of production during 1919 is concerned, his organization has not only not curtailed production, but has striven to its utmost to increase production, and the best evidence of this fact is that his organization is now building a new sawmill at Memphis, which will double his capacity, besides having added machinery during all of the year 1919 to increase the output of his present mill, and this at very heavy expense.

He not only produces but buys lumber in the common market. During the year 1919 his two companies bought approximately fifteen million feet on the open market, making these purchases wherever they could purchase the same to the best advantage. A great deal of this lumber was bought from members of the Open Competition Plan and from Southern mills that were not members of said plan.

That he uses the stock reports as a guide for the manufacture of their lumber into proper thicknesses, so that it will be in the most marketable shape that is in demand at the time; also for the purpose of guiding us in the line or grade that we will solicit for business.

He also used the sales report as a guide on the values of the different grades and kinds of lumber which were handled, and it enabled him to keep in touch especially with the kinds of lumber he did *not* handle in large qunatities—that is to say, the woods run of the timber produces a certain amount of lumber that he is not altogether familiar with the going market value of, and in referring to the sales report he is enabled to determine about what the market value of this kind of lumber is.

He also read the market letters prepared by Mr. Gadd, as well as other market information published by trade papers and agencies that furnish information of this kind, all of which he used as guidance for the policy of his business, but his business policy was in no way controlled by these publications and letters; that where the information is of value he is glad to get it.

He has attended a number of the group meetings and has

acted as chairman of them. At no time at these meetings has there been any discussion as to price-fixing, but at times they have discussed the relative values of different kinds of lumber, and also as to the relative value of different grades of lumber, and at one meeting the discussion led up to the values of dimension stock, referring to such dimension stock as wagon stock, poles, reaches, bolsters, etc., as to what the value of this kind of dimension stock should be over the regular price of lumber. Some member expressed the opinion that there should be a difference of $20 a thousand between dimension stock and over the regular grades of first and second lumber, but there was no definite action taken on anything of this kind; merely a general discussion as to what this class of material should be relatively worth.

That at these group meetings labor conditions were discussed, and such labor problems as one competitor taking labor from his neighbor, standardization of inspection rules, car shortage, collections, and all subjects of interest to producers were discussed.

There was some discussion at one time regarding the stabilization of prices, and while it was mentioned that they could not agree on any prices, it was the opinion of some that prices were *too high,* and they felt as though if it were possible to keep the prices from going higher it would be a good thing, on account of the danger of substitutes gaining a foothold in certain phases of consumption that would ultimately displace hardwood products, such as the lumber industry has suffered from in the past. Nothing came out of this effort of stabilization, because it was their understanding that it was just as illegal to reduce prices or maintain prices on any given level as it would be to enhance prices. In this connection witness says that it was brought out in these discussions that, even if they had the power to stabilize prices, such result would have no value to the public, because their volume of production, as compared to the entire hardwood production, was negligible.

That at no time in 1919 or the month of January, 1920, or at any other time, did he have any agreement or understanding with the said Open Competition Plan or any members thereof, or with the said Gadd, whereby prices of hardwood lumber would be maintained, fixed, or enhanced. On the contrary, affiant says that during that period of time, as

well as all other periods of time, he has exercised the utmost freedom of action in reference to the conduct of his business, and this in reference to production as well as his sales policy.

That not only was he not a member of any combination with reference to prices, but that he never heard such a subject even intimated or discussed, at a group meeting or otherwise, in relation to the American Hardwood Manufacturers' Association. On the contrary, it was the desire of the said association and its members to do nothing other than what the law would permit.

Testimony of Defendant S. M. Nickey.

(Record, Vol. 3, 1662-3.)

President of Nickey Brothers, Incorporated, and secretary of the Green River Lumber Company. The normal production of his two mills is thirty million feet per year. During 1919 produced seventeen million feet, this curtailed production being due entirely to two things:

First. Embargo put by the Government, just prior to the signing of the armistice, on all shipments of lumber north, and in addition to this the extremely unfavorable weather conditions for logging in the spring and fall of 1919.

His plant made every effort to increase production during this period. His plant during 1919 was closed down on account of not having logs one-third of the time.

He regards this association, in all of its activities, as being of great benefit to the lumber industry, because it is endeavoring to standardize grades, to reduce waste, to build up fair trade practices, and to eliminate unfair trade practices. Also advertising the value of hardwoods as against its competing materials. It is for all of these purposes that the association is maintained.

At some of the meetings prevailing prices for different products would be mentioned, but not with any idea of a contract, combination, or conspiracy. Some members at times would discuss the effect of general conditions, demand, and supply, etc., as to their effect on prices, but these discussions all came up as such things would naturally come up in any body of men interested in some particular industry.

He never heard any intimation among the other members of any contract, combination, or conspiracy as to prices or curtailing production. The weather conditions in the Southern territory in 1919 were most unfavorable for production, and this was discussed, and the members in all the discussions that he had as to curtailed production were deploring the unfortunate condition. During this entire period there has been a heavy demand and a curtailed supply of hardwoods, and this has produced a rising and erratic market.

Testimony of Defendant J. F. McSweyn.

(Record, Vol. 3, 1687-8.)

President of the Memphis Band Mill Co.

In 1919 he operated four mills. In 1918 this company operated three mills and in 1917 two. He produced less lumber in 1918 with these three mills than in 1917 with his two mills, and slightly more lumber with his four mills in 1919 than he did with his three in 1918. He examines the sales and stock data and finds it very valuable in enabling him to inform customers upon market problems. It quite often happens that customers write asking his opinion in regard to future prospects of lumber, at times asking advice for placing orders for considerable quantities, and the statistics furnished by Mr. Gadd enable him to intelligently answer these inquiries. He has had many years' experience as a hardwood manufacturer and salesman. Never in all of his experience has he witnessed such a market as existed through the latter part of 1919 and the early months of 1920.

Testimony of Defendant John Raine.

(Record, Vol. 3, 1676-7.)

President and general manager of the Meadow River Lumber Company, located at Rainelle, W. Va.

His normal production is twenty million feet. His production in 1919 was approximately eighteen and one-half million feet.

During 1919 his plant produced to the maximum of its ability. The reduction in his production for 1919 was due to a shutdown for necessary repairs.

He generally read the sales report sent out by Mr. Gadd, but sometimes did not do so. He valued the sales report just as he valued data from other sources, and from this data, along with all other available information as to prices, weather conditions, production, etc., he reached his conclusion as to market conditions. He was not controlled, restrained, or in any way impelled as to his business policy by the data sent out by Gadd.

That he regards the association and its activities as of great value to the lumber industry, in that it endeavors to teach conservation, reduction of waste, improved machinery, uniform grades, fair business prices, etc.

That the Open Competition Plan is but one of its activities in its effort to serve the industry and to keep it advised of market conditions. Further than that it did not undertake to go.

Testimony of Defendant S. A. Williams.

(Record, Vol. 3, 1639-40.)

Sales manager of the Fordyce Lumber Co., operating plant at Fordyce, Ark.

Sells direct to consumer. Attended group meetings and participated in discussions, which were confined to an analysis of conditions prevailing, largely as to logging and labor.

The problems now confronting the hardwood lumber industry are problems of production and not of marketing. It is his experience in connection with hardwood lumber that the product under the present conditions sells itself. The market has been so active and the prices have risen so rapidly that any discussion of prices at the Open Competition meetings would be useless. Logging and production problems, however, are more acute in the industry than ever before, and these problems are the constant source of discussion and conversation, not only at these meetings, but wherever hardwood lumber men meet. * * *

That he has not regularly read the market letters of the defendant Gadd. He recalls reading three or four of them, but he paid the same attention to them that he pays to other

market reports, letters, and discussions in the trade journals. He states in no sense has he been controlled in his selling policy by these market letters. In fact, in his opinion the market has been changing and rising so rapidly that any report or letter based on recent sales becomes almost automatically obsolete.

He has always carefully read the sales reports issued by the Open Competition Plan, but he has found that they report sales as of ten days or two weeks past. They do not reflect the present condition of the market at the time of reading, and consequently the benefit derived was exceedingly limited. In his opinion, any lumber producer using the prices reported in these sales reports as a guide would have in the majority of cases, in the past few months at least, have sold his lumber for $5.00 to $10.00 per thousand under the market. His chief selling problem, and the problem that has confronted the hardwood lumber industry as a whole, is the problem of not overselling and contracting beyond the ability of individual firms to supply. The market, owing to the shortage of stocks and the very active demand has resulted in lumber buyers practically bidding against each other for stocks.

That he has received the stock reports of the Open Competition Plan, but has never thoroughly analyzed a single one.

Testimony of Defendant G. W. Everts.

(Record, Vol. 3, 1633-5.)

Vice-President of Brown-Everts Lumber Company, with mills at Helena, Arkansas, and Allen, Mississippi; has charge of sales policy of said mills.

Due to weather conditions during 1919, his mills secured less than one-third of their log needs. There is now cut down and in the woods over 3,000,000 feet of logs that cannot be delivered on account of conditions in woods. During normal rainfall in Mississippi there is but one overflow of timber lands that are logged by his mills. During 1919 there were five separate overflows that flooded his woods.

That in reference to sales reports he considered the sales data exhibited by the sales report from one to two weeks be-

hind the current market, but he does consider the reports of value as indicating the trend of market conditions, but that, in so far as being an accurate guide as to what today's prices are, they are of very little assistance, and this on account of the rapid changes due to the enormous demand and the lack of hardwood supplies throughout the country.

That he recalls having received with the sales report from time to time the so-called market letter issued by Mr. Gadd, but at this time he is unable to recall specifically any one of these letters, and the letters of themselves, when he did read them, in nowise influenced or controlled the sales policy of his concern. He recognized these market letters solely in the light that they were the expression of the judgment of Mr. Gadd. However, being in control of his own business, he felt and still feels that he is a better judge of policy in reference thereto than the judgment of any outsider.

That he also received the monthly stock report. This report when received, in the early part of 1919, he considered of value, but paid very little attention to the stock report the latter part of the year, and this because of his own personal knowledge. He was not only familiar with the fact that stocks were low, but that production was disorganized, and this situation was supplemented by an unprecedented demand.

In addition, he was himself in constant touch with stock conditions of mills other than his own and knew from personal observation that mill stocks were below normal.

He attended at different times the group meetings. He has no present recollection of personally participating in discussion. He does recall that general subjects, such as car supply, labor, and logging conditions, were discussed. He specifically recalls the subject of logging being discussed at certain of these meetings, and this because of the importance of this subject to himself. From such discussion he gathered information as to the practicability of using the caterpillar tractor, and he installed one of these tractors as the result of information that he secured at a group meeting.

No price conclusions were arrived at as a result of these discussions, nor was it his understanding that such was the purpose.

He has never had any agreements as to maintaining or

enhancing prices with the members of the Open Competition Plan.

That upon one occasion, not being quite clear as to the prevailing market on certain hardwood commodities and desiring this information, he went to the office of the association and requested the information as to the current market as indicated by the reports from various members, and was advised by Mr. J. M. Pritchard that it was not the custom of the association to give out this information other than through the regular channel, in the way of their regular weekly sales report.

That along the latter part of May, 1919, he received a letter from Mr. Gadd asking for an opinion as to his judgment touching the value of the Open Competition Plan. In reply to this letter he wrote the association, as of date May 30th, 1919:

"Replying to your letter of the 27th, beg to advise that we have been very favorably impressed with the Open Competition Plan of the association and believe that it will result in a great benefit to all the members."

TESTIMONY OF DEFENDANT S. B. ANDERSON.

(Record, Vol. 3, 1629-30.)

President of the Anderson Tully Lumber Co., with mills at Memphis, Tenn., Vicksburg, Miss., Madison, Arkansas, and Rayville, Louisiana.

Price conditions are not now among the problems of the hardwood lumber industry, the real problems now being questions of production. * * *

Has no knowledge whatsoever of the market letters as sent out by defendant Gadd. He assumes that some were received at the office of the Anderson Tully Company, but he never read any of them, to his knowledge, or if he did read them, he was in no manner controlled or influenced by their contents. Affiant's firm maintains a sales organization and is in close touch with the market conditions, and through that means affiant's firm forms its own conclusions as to market conditions and the values of lumber. * * *

That the sales reports of the Open Competition Plan were received by affiant's firm, and that the same were sometimes

examined by way of comparison with prices obtained by his firm, but that this sales report in no way controlled or influenced the price fixed by company on hardwood lumber.
* * *

In spite of increased production, this firm was unable to fill its orders, and the great problem has been to keep its salesmen from overloading the organization with orders.

Has been actively engaged for over thirty-one years in hardwood lumber industry and states that never during his whole experience has he known the demand to be so great and stocks so limited. That, to his own personal knowledge, the Southern hardwood producers have exerted every effort in the world to produce.

That he dictates the business policy of his firm as regards sales, and that he is not controlled by any person or association in regard thereto.

Testimony of Defendant J. F. McIntyre.

(Record, Vol. 3, 1679-81.)

President of J. F. McIntyre & Sons, located at Pine Bluff, Arkansas.

His normal production is about eight million feet per annum.

He did not attend any of the Open Competition meetings.

He received the data sent out by Mr. Gadd. At times he read the sales reports, and other times, for some reason or other, he did not see them.

He read some of Gadd's market letters. Same can be said of the stock reports.

He used the data furnished by Gadd just as he used all other data, and this for information solely.

He never heard of any combination to fix or maintain prices.

In 1919 his production was five million feet; this was due to weather conditions. He crowded his production to the maximum.

The operations of the association and the Open Price Plan were open and above board, as far as he knows.

He regards this trade association of great value to the industry.

That in October, 1919, the rain set in, and he and his son made a trip over the entire Delta territory, in the States of Arkansas, Mississippi, and Louisiana, for the purpose of ascertaining conditions as to logging operations. He and his son reached the conclusion that hardwood production was practically at a standstill. He conceived that it would be good business to agree to take on new customers. Accordingly, he wrote a number of customers and endeavored to take care of them. These new customers consulted him freely from time to time with reference to conditions. He advised them as best he could, and in this he used the information he got from Mr. Gadd's reports.

If weather conditions had been favorable he would have crowded his production, because of the maximum demand and of the high and rising prices.

Because of weather conditions, he has not been able to operate at all in his woods since November, 1919, and since then he has been buying logs when and where he could.

Testimony of Defendant F. M. Platter.

(Record, Vol. 3, 1675-6.)

President of the North Vernon Lumber Company, which concern manufactures lumber and furniture. Its sawmills are located at Louisville, Ky., and Dyersburg, Tenn.

Commencing about the middle of 1919, and from then on until the present moment, the demand has been far in excess of his ability to fill orders.

He received the monthly stock report. This report served to indicate the thicknesses that were in most demand.

He attended a group meeting at Cincinnati, in February, 1920. His son, who is associated with him, may have attended one other meeting during 1919. The subject under discussion at the meeting he attended related to correct methods of grading.

There is quoted in the bill of complaint an excerpt from a letter that his son wrote on June 3, 1919, wherein approval was given the plan.

He has also exercised his own initiative as to prices that were to be charged for his lumber. In addition thereto, he is a buyer on the public market, not only in a wholesale capacity, but as a consumer. He bought hardwood products where he could buy to the best advantage for his furniture factory, and bought in the same way as a wholesaler for resale; that it would be manifestly absurd for him to have connected himself with a plan that had for its purpose the artificial enhancement of prices when he, as a consumer of lumber, was in the market at all times for the product; that he bought on the public market approximately nine million feet during 1919, whereas his production at the mills indicated was not in excess of six million feet.

TESTIMONY OF DEFENDANT ARTHUR TEMPLE.

(Record, Vol. 3, 1674-5.)

Sales manager of the Southern Pine Lumber Company, located at Texarkana, Arkansas.

The normal production of this plant is about ten million feet per annum.

He states that he did not attend any of the group meetings.

That he read some of the market letters written by the manager of statistics, Mr. Gadd, but not all of them. Those that he did read he read just as he did letters written by any other authority in the lumber journals.

He used the sales reports to get an idea of what the market was on various items, and the stock reports to determine the condition of stocks.

He used the sales report along with all other available information. He received, for instance, information from time to time from his salesmen of other sales being made, and he used that information along with the information contained in the sales reports.

He never heard of any contract, combination, or conspiracy of any kind to reduce or curtail production or as affecting prices.

His production for the last eighteen months has not only been below normal, but has been practically nothing, due to logging conditions in his territory.

TESTIMONY OF DEFENDANT J. T. HOLLOWAY.

(Record, Vol. 3, 1661-2.)

Sales manager of the Huie Hodge Lumber Company, Hodge, La. He produces both hard and soft woods, producing approximately 50 per cent of each type.

During the year 1919 his company, to the utmost of its ability, produced as much lumber as was possible to produce.

As to sales report, under normal conditions, this data would be of value in that it would give a mill operator an understanding of the market tendency. However, under the abnormal conditions that have existed for the last four or five months, the sales reports are practically of little value, because when they reach the members they are from ten days to two weeks old and the data is such past history that it is of no practical worth.

He recalls that he did read some of Mr. Gadd's so-called market letters. He has now no recollection of the particular letters that he may have read; these letters in nowise influenced or controlled him in his mill operations.

He attended one group meeting in 1919. It is possible that he may have attended two, but his only distinct recollection is one in April, 1919.

At this time he has no distinct recollection of the subjects that were discussed, other than he recalls that the questionnaire that Mr. Gadd sends out and the answers that were sent in reply thereto were read. Beyond this, he does not have any recollection.

TESTIMONY OF DEFENDANT D. O. ANDERSON.

(Record, Vol. 3, 1685-7.)

President of the Anderson Lumber Corporation, with office at Wilmington, Delaware.

Manufactures pine, cypress, and hardwood lumber; mills located in South Carolina. Is a member of the North Carolina Pine Association, which includes manufacturers of both hard and soft woods. That in the early part of 1920

he concluded to drop his membership in the American Hardwood Association, as his operations were more accessible to the South Carolina Association group. He sent in his resignation. Before it was acted upon by the association he heard of this case having been brought, and at once withdrew his resignation, because he did not want it to appear that he resigned, thereby giving the impression that he did so out of fear of consequences.

Since the armistice witness' mills have produced about 60 per cent of normal. This has been due almost solely to the shortage and inefficiency of labor. Weather conditions have to some extent affected the result.

Has no title to the land upon which his timber stands, but has a leasehold right. It is essential that his mill operations proceed to capacity, if possible, and this because there are time limits to his cutting rights.

That he has never heard of any agreement to curtail production or maintain or enhance prices. He has never discussed the subject with any one, directly or indirectly.

Testimony of S. H. Townshend.

(Record, Vol. 3, 1701.)

Secretary and manager of the Southern Hardwood Traffic Association.

The testimony of this witness is confined solely to his efforts to secure cars for Southern hardwood producers; and this for the purpose of transporting logs as well as lumber. He made not less than six trips to Washington to interview the car service section of the Railroad Administration, to speed up car supply to Southern lumber producers. This effort was indulged at the request of mill operators.

Testimony of Defendant William Pritchard.

(Record, Vol. 3, 1614-5.)

President of the Pritchard-Wheeler Lumber Company. The production of witness' mill was materially handi-

capped during 1919 on account of lack of car supply. This was due to the fact that the yard capacity of the mill became congested with lumber, and without cars to carry the stock thus accumulated it was impossible to go forward with operations.

Testimony of John M. Pritchard.

(Record, Vol. 2, 1289-1302.)

Secretary-manager of the American Hardwood Manufacturers' Association.

That among other of the activities of the American Hardwood Manufacturers' Association is that of advertising hardwood products and indulging in trade extension work; also, a scientific study of the characteristics and uses to which different hardwoods are best fitted; that at the present time there is being formulated plans for the utilization of much of the log which has heretofore gone to waste; that in the furtherance of this work the association is building up a reference library, so that there will be ready at hand the character of information that will be a scientific guide to the industry; that in none of these activities was it ever the purpose or intent of the organization to fix prices or to control production. It has ever been the theory of the association that the law of supply and demand regulated prices. The purpose of the Association has been to do those things which might stimulate demand and encourage economic use.

He attaches, as Exhibit 1 (R., Vol. 2, 1293-1301), copy of the constitution of the association and specifically calls attention to *article 2*. It will be noted in the constitution that 'price current' or 'price lists' are mentioned. However, as a matter of fact, no 'price list' or 'price lists' have ever been issued; only reports of actual sales have been compiled and distributed. Among other of the association's activities is the publication of a document entitled 'Hardwoods for Sale,' in which the products which the members advertise for sale are put in convenient form for reference. A copy of this document is attached and marked Exhibit 2 (R., Vol. 2, 1902). That buyers of lumber frequently make inquiry for certain kinds and grades. All such inquiries are circularized to all the members, so that

there will be the fairest kind of open competition among the members for all such business. It frequently happens when quick service is needed, in which event clerks of the association will make up lists of the particular kinds of lumber that members have for sale and send same to buyers.

That at the time this organization was founded there was a lack of uniformity in grading methods. One of the great purposes of the organization is to bring about standardization of grading rule. This result is recognized by every student of the industry, including Government officials, as being of the greatest advantage to the public.

He states that he and the defendant Gadd are salaried officials of the American Hardwood Manufacturers' Association and are closely associated in their office work. That he has never heard any suggestion made looking to the fixing, maintaining, or enhancing of prices or the controlling of production. The fact is that he knew that such course would be illegal and would involve the association in difficulty and ultimately destroy it, and that such course has been definitely avoided.

Due to his knowledge of this industry, having given twenty-nine years' study to its problems, he states that it would be practically impossible, due to the number of units involved and the conditions under which the mills produce, to evolve a plan for the maintaining or enhancing of prices or to control production.

That it has been the custom of the American Hardwood Manufacturers' Association to exchange information with the consuming branches of the lumber industry.

SUPPLEMENTAL TESTIMONY OF JOHN M. PRITCHARD.

(Record, Vol. 2, 1303-1358.)

He files as Exhibit One (R., Vol. 2, 1304-1333), a daily bulletin containing lists of stocks wanted and for sale both by producers and consumers.

He states at times he has received inquiries from members of the association as to the best method of overcoming some manufacturing difficulty. After these inquiries are received an investigation is made for information bearing on the inquiry, and the member is advised.

As an instance of this, there is filed as a part of this statement information which was procured relating to caterpillar tractors. This exhibit is marked two (R., Vol. 2, 1333), being a pamphlet describing the caterpillar tractor. This pamphlet was compiled by the association and distributed to the members.

He further states that he frequently receives inquiries from members desiring to purchase second-hand machinery, and from others desiring to sell machinery, and such inquiries are circularized, and sample copies of these inquiries are filed and marked Exhibit Three (R., Vol. 2, 1334-1358).

Logging and Mill Machinery Men.

Here follows the testimony of the following five witnesses, to wit: J. F. Murphy (R., Vol. 3, 1626), J. A. Riechman (R., Vol. 2, 1359), J. W. Gladding (R., Vol. 3, 1699), Frank P. Motley (R., Vol. 3, 1614), and Lewis Doster (R., Vol. 3, 1699), who testified as to the unprecedented demand for logging equipment and mill machinery in the Southern territory during 1919, and especially the latter part of the year; also during the months of January and February, 1920. The record discloses that numbers of the defendants were heavy purchasers of this character of equipment, that production might be accentuated. An illustrative statement from one of these witnesses will suffice:

"In witness' 25 years' experience selling sawmill machinery, there never has been anything like the demand for sawmill machinery that is now prevalent. This demand has absolutely exceeded the supply, and indicates that the lumber manufacturers are doing everything possible to increase their capacity. The high increase in the cost of this machinery has no effect whatever on the demand. That his sales of sawmill machinery are more than double what they have been previously in the history of his concern, and if he could secure the supplies to sell, they would be quadrupled. In fact, the only limit to his sales, regardless of prices, to the local mill trade is his ability to get the machinery to sell."—J. A. Riechman (R., Vol. 2, 1359).

Members of the American Hardwood Manufacturers' Association, But Not Members of the Open Competition Plan.

Here follows the testimony of a group of witnesses who, as indicated, were members of the association, but who did not participate in the plan, and therefore had no access to the sales data, but did receive the monthly stock reports. These members, of course, attended the group meetings if they wanted to, because these meetings were open to the public.

As the testimony develops, it will be noted that certain of these witnesses submit with their evidence sales data showing what they received for various items of hardwood during the period of this so-called conspiracy. This evidence was introduced in order to demonstrate that the data that was published in the sales report was nothing other than the reflection of going market prices.

We have made some comparative charts wherein we compare the sales of these various witnesses with the sales data as reflected in the weekly sales reports. It would not be practical, of course, to make these comparisons upon all items submitted. We therefore have selected a typical item, to wit, one-inch No. 1 common of the various species.

TESTIMONY OF R. R. MAY.

(Record, Vol. 3, 1510-1516.)

Sales manager for J. V. Stimson & Company, Owensboro, Ky., manufacturers and wholesalers of hardwood lumber.

This company is a member of the American Hardwood Manufacturers Association, but is not a member of the Open Competition Plan. The company does not receive, and has no access to, and is not familiar with, certain of the reports and data compiled and distributed by Mr. Gadd; but does receive, as a member of the said association, the stock report, which report is distributed to all members of the association, whether members of the Open Competition Plan or not.

He files with his testimony, as Exhibit No. 1 (R., Vol. 3, 1513-16), statement containing a list of the sales made by his company for a period of three months, embracing December, 1919, and January and February, 1920.

That his company not only manufactures hardwood, but purchases hardwood lumber in the open market. Large quantities are purchased from manufacturers who are members of the Open Competition Plan, and the same has been resold to the public at substantial profits over and above the price paid. The items thus bought from such manufacturers are the same varieties of items and grades as are produced by his own mill. Many of the sales shown in the exhibit referred to comprehend lumber bought from members of the Open Competition Plan.

Notwithstanding the fact that he is a member of the association and participates in its co-operative activities, he never heard it even intimated that there was any combination among the members of the Open Competition Plan.

In purchasing lumber in the open market he makes inquiries of manufacturers who are members of the plan and those who are not.

There is submitted with his testimony, marked Exhibit 2 (R., Vol. 3, 1516), quotations received from mills, both within and without the plan. These quotations disclose that there is no uniformity of price; on the contrary, a great diversity of price for the same varieties and grades.

This company was invited to become a member of the plan, but never deemed it advisable to join. This was because witness did not believe that the benefits that would be received from membership would be commensurate with the expense and trouble in making the statistical reports.

That the plan, in so far as he understands same, in no way contemplates price control.

That from time to time he has sent out inquiries to producers both within and without the plan, and invariably the replies received indicate the same relative variation in prices as is indicated in the exhibit referred to.

(Here follows tabulation, wherein we compare the sales data (May Exhibit 1) with the weekly sales report for the corresponding period.)

Sales of Witness R. R. May for a Period of Three Months Embracing December, 1919, and January and February, 1920, Which Are Here Compared with Sales Data as Disclosed by the Weekly Sales Reports for the Corresponding Period.

Date of sale.	Witness' sales price f. o. b. Owensboro, Ky.	Open comp. sales report current average prices.
1" No. 1 Common Quartered White Oak.		
January 31, 1920.....	215.00	214.50
February 3, "	215.00	214.50
" 19, "	222.50	207.00
March 4, "	237.50	No Sales
1" No. 1 Common Plain White Oak.		
December 29, 1919.....	110.00	105.25
January 24, 1920.....	120.00	132.00
February 17, "	140.00	144.00
1" No. 1 Common Quartered Red Oak.		
February 9, 1920.....	185.00	177.75
2" No. 1 Common Plain Red Oak.		
December 16, 1919.....	115.00	112.50
February 7, 1920.....	155.00	No Sales
1" No. 1 Common Ash.		
January 10, 1920.....	100.00	93.75
" 12, "	92.50	91.25
" 17, "	102.50	91.25
1¼" No. 1 Common Sap Gum.		
January 30, 1920.....	80.00	89.50

Testimony of Charles E. Thomas.

(Record, Vol. 3, 1397-1504.)

President of the Thomas and Proetz Lumber Company, of St. Louis; the Belzoni Hardwood Lumber Co., Belzoni, Mississippi; the Belzoni Hardwood Lumber Company, Catchings, Miss.; Naples Lumber Co., Mansura, La., and the Calion Land & Lumber Co., of Calion, Ark.

The first-named company is the selling agent for all of the companies named. All companies other than the selling organization are manufacturers of hardwood lumber. The Naples Lumber Company is a member of the American Association, but is not a member of the Open Competition Plan. None of the other companies are members of the association or plan.

This organization has no access to the sales report of the Open Competition Plan. Information as to market conditions is secured from other sources.

He attaches to his testimony, as Exhibit No. 1 (R., Vol. 3, 1398 to 1504), a list of sales which these various companies made during the year 1919 and January and February, 1920. The sales are taken from the books of the Thomas and Proetz Lumber Company, the selling agent. The list represents all of the sales of said company, with exception of a few small lots of stock especially remanufactured or worked by some of the planing mills in St. Louis, which would not reflect the basic price of the stock in the rough.

(Here follows a tabulation wherein we compare the sales data submitted by the above witness (Thomas Exhibit 1) with the weekly sales reports for the corresponding period. The prices indicated by witness are delivered prices. For the purpose of comparison with the weekly sales data, the equivalent of these delivered prices at Cairo, Ill., has been figured.)

Sales of Witness Charles E. Thomas, Made During the Year 1919 and January and February, 1920, Which Are Here Compared with Sales Data as Disclosed by the Weekly Sales Reports for the Corresponding Period.

	Witness' sales price f. o. b. various shipping points.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Cottonwood.			
June 15, 1919.....	45.50	39.75	38.75
August 11, "	56.00	50.00	45.50
January 17, "	82.00	78.00	73.25
1" No. 1 Common Ash.			
November 10, 1919	90.00	89.00	71.25
1" No. 1 Common Quartered Red Gum.			
March 3, 1919.....	42.00	39.75	39.00
" 4, "	44.00	43.25	39.00
April 3, "	48.00	41.75	39.50
June 2, "	58.00	45.75	47.50
July 8, "	78.00	76.25	59.00
" 24, "	78.00	71.00	74.50
August 18, "	95.00	84.00	82.25
September 9, "	95.00	94.25	83.50
November 5, "	98.00	96.25	85.50
December 26, "	155.00	150.75	149.25

			Witness' sales price f. o. b. various shipping points.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Plain Red Gum.					
February	1,	1919.....	40.50	36.50	32.75
"	10,	"	40.00	36.00	36.75
"	28,	"	44.00	36.25	35.75
March	13,	"	38.00	36.00	35.25
"	13,	"	41.00	36.00	35.25
"	14,	"	42.00	35.75	35.25
"	17,	"	40.00	34.75	36.50
"	19,	"	41.00	28.75	36.50
"	27,	"	40.00	35.75	36.00
April	1,	"	42.50	35.75	35.75
"	3,	"	40.50	36.00	35.75
"	3,	"	40.00	34.25	35.75
"	12,	"	40.00	35.75	35.75
"	14,	"	40.00	34.75	35.50
"	14,	"	40.50	35.00	35.50
"	14,	"	42.00	35.75	35.50
"	16,	"	37.00	36.50	35.50
"	17,	"	43.00	35.75	35.50
"	17,	"	42.00	35.75	35.50
"	23,	"	40.00	36.75	36.00
"	23,	"	37.50	36.50	36.00
"	24,	"	38.00	36.00	36.00
"	24,	"	43.00	36.00	36.00
"	25,	"	40.50	36.25	36.00
"	25,	"	43.50	36.25	36.00
"	28,	"	38.00	37.00	36.50
"	28,	"	38.00	38.00	36.50
"	29,	"	38.00	39.00	36.50
"	30,	"	45.00	40.00	36.50
June	6,	"	58.00	41.75	43.50
"	13,	"	60.50	56.00	45.00
July	5,	"	70.00	65.50	53.00
"	21,	"	85.00	72.75	65.25
August	13,	"	85.00	79.00	72.50
September	13,	"	86.00	79.00	74.75

			Witness' sales price f. o. b. various shipping points.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
September	18,	1919.....	86.00	79.00	75.00
October	2,	"	86.00	79.75	74.25
"	16,	"	80.00	79.25	72.25
"	22,	"	83.00	81.25	74.00
"	24,	"	84.00	79.00	74.00
"	25,	"	85.00	78.75	74.00
"	30,	"	85.00	75.75	75.75
"	31,	"	83.00	78.75	75.75
November	15,	"	100.00	91.00	81.25
"	20,	"	113.00	103.75	85.00
December	9,	"	137.00	124.75	100.50
"	23,	"	137.00	123.50	128.75
January	15,	1920.....	155.00	151.00	136.00
		1" No. 1 Common Sap Gum.			
January	27,	1919.....	32.50	31.75	28.75
"	31,	"	33.00	32.25	29.25
February	6,	"	33.50	32.75	29.50
"	6,	"	33.50	32.75	29.50
"	6,	"	33.00	32.75	29.50
"	7,	"	35.00	29.25	29.50
"	7,	"	30.50	29.75	29.50
"	18,	"	34.50	33.75	29.50
"	18,	"	38.50	32.75	29.50
"	25,	"	38.00	31.00	29.50
March	19,	"	37.00	25.25	30.00
"	20,	"	37.50	31.00	30.00
"	31,	"	39.00	32.00	29.50
April	2,	"	32.50	31.25	29.50
"	5,	"	37.50	31.00	29.50
"	14,	"	48.50	31.25	30.00
May	2,	"	40.00	33.00	29.50
"	7,	"	33.00	25.75	31.25
"	7,	"	33.00	32.25	31.25
"	13,	"	35.50	31.75	30.25
"	24,	"	41.50	35.75	30.25

			Witness' sales price f. o. b. various shipping points.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
June	6,	1919.....	43.00	29.50	31.75
"	6,	"	43.00	30.75	31.75
"	9,	"	42.00	35.50	32.50
July	11,	"	45.00	44.25	36.50
"	15,	"	50.00	42.00	40.50
"	16,	"	42.00	42.25	40.50
"	21,	"	51.00	39.25	39.25
"	31,	"	47.00	46.25	42.25
August	2,	"	53.00	46.00	43.00
"	6,	"	51.00	47.25	43.00
"	8,	"	53.50	47.75	43.00
"	23,	"	53.00	45.25	46.00
"	30,	"	53.00	52.25	44.75
September	11,	"	55.00	41.00	46.00
"	25,	"	55.00	41.00	44.25
October	13,	"	52.50	48.75	45.25
November	4,	"	56.50	50.75	47.25
"	5,	"	51.00	49.50	47.25
December	3,	"	70.00	56.75	55.75
"	9,	"	80.00	68.25	55.75
"	23,	"	80.00	67.25	64.25
"	27,	"	92.00	83.25	64.25
January	15,	1920.....	85.50	81.25	74.25
"	21,	"	85.50	81.25	75.50
		1" No. 1 Common Quartered White Oak.			
February	14,	1919.....	70.00	62.75	73.00
"	28,	"	77.00	71.00	70.00
July	11,	"	120.00	119.00	109.00
"	12,	"	140.00	131.25	109.00
August	7,	"	150.00	145.25	131.50
October	31,	"	165.00	157.75	160.50
November	6,	"	160.00	159.00	155.25

		Witness' sales price f. o. b. various shipping points.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Quartered Red Oak.				
January	27, 1919.....	55.00	49.00	39.25
April	25, "	65.00	60.50	54.75
May	27, "	76.00	66.50	70.00
August	8, "	127.00	116.50	94.50
"	25, "	115.00	110.25	113.75
September	22, "	115.00	110.25	111.25
January	24, 1920.....	186.00	177.75	172.75
February	9, "	205.00	197.75	177.75
1" No. 1 Common Plain White Oak.				
February	5, 1919.....	42.00	41.00	41.25
April	1, "	47.00	42.50	40.50
June	7, "	56.00	51.75	49.00
August	22, "	83.00	82.00	75.50
October	24, "	81.00	80.00	78.50
January	24, 1920.....	137.50	138.00	132.00
1" No. 1 Common Plain Red Oak.				
January	27, 1919.....	42.00	36.50	41.50
"	30, "	43.00	37.50	41.50
February	11, "	42.00	41.00	42.00
"	19, "	42.50	41.50	41.75
April	5, "	48.00	41.25	41.00
"	28, "	52.00	42.75	42.50
"	29, "	42.50	41.50	42.50
May	22, "	53.00	45.25	45.00
July	31, "	78.00	73.25	66.50
August	8, "	70.00	70.50	66.00
October	24, "	77.00	76.00	76.00
January	15, 1920.....	166.50	155.50	126.50
"	24, "	137.50	138.00	131.00
"	26, "	140.00	139.00	132.75

Testimony of Daniel Wertz.

(Record, Vol. 3, 1613.)

Engaged in the manufacture and sale of hardwood lumber, doing business as Maley and Wertz, in the city of Evansville and elsewhere.

Attaches list of prices received for lumber sold during the period beginning January 1, 1919, and ending January 31, 1920, which lists show prices received for lumber sold, said prices being on Evansville basis.

In arriving at said prices, as set out in the attached statements, the same is upon a monthly basis, and is distinct as to grades and kinds of lumber sold, and said statements show the average monthly price and the difference between the sales made to consumers and to dealers.

(Here follows a tabulation wherein we compare the sales data submitted by the above witness with the weekly sales reports for the corresponding period.)

Sales of Witness Daniel Wertz, Made During the Year 1919 and January, 1920, Which Are Here Compared with Sales Data as Disclosed by the Weekly Sales Reports for the Corresponding Period.

Date of sale.	Witness' sales price f. o. b. Evansville, Ind. To Consumer.	Witness' sales price f. o. b. Evansville, Ind. To Dealer.	Open comp. sales report current average prices.
1" No. 1 Common Quartered White Oak.			
February, 1919	.....	83.00	68.75
March, "	79.00	71.67	71.75
May, "	77.50	90.00	83.75
June, "	103.00	80.00	93.50
July, "	135.00	.....	120.25
August, "	152.34	.....	146.50
September, "	145.00	.....	152.00
November, "	172.50	166.00	169.50
December, "	236.00	.....	189.00

Date of sale.	Witness' sales price f. o. b. Evansville, Ind. To Consumer.	To Dealer.	Open comp. sales report current average prices.
1" No. 1 Common Quartered Red Oak.			
March, 1919.....	61.50	.....	53.50
April, "	55.00	.....	54.75
July, "	95.50	.....	103.00
September, "	130.00	.....	111.25
October, "	121.00	.....	114.50
November, "	135.00	130.00	134.00
December, "	181.00	.....	160.00
January, "	181.00	.....	178.50
1" No. 1 Common Plain White Oak.			
January, 1919.....	43.00	.....	40.50
February, "	40.00	.....	41.75
March, "	42.00	.....	42.25
April, "	43.50	.....	41.50
May, "	46.00	.....	45.75
June, "	52.00	.....	56.00
August, "	75.50	.....	73.25
November, "	128.00	.....	90.50
December, "	115.00	.....	103.00
January, 1920.....	132.00	.....	130.00

TESTIMONY OF HORACE F. TAYLOR.

(Record, Vol. 2, 1364-71.)

Member of the American Hardwood Association but not a member of the plan. Operates a very large wholesale business with headquarters at Buffalo, N. Y.

Owns large timber tracts in the South, and up to three years ago was a producer, but at the present is not operating any mill. He became a member while engaged as a producer, and has continued, although not now producing. During 1919 bought and sold in excess of fifteen million feet of hardwood lumber. Secured large portion from the terri-

tory embraced in the operations of the defendants in this case. Has a list of lumber producers, approximately 2,000 in number, as a source of supply for his business, with many of whom he has communication and negotiation as frequently as his needs may require; therefore not only familiar with conditions affecting logging and production of hardwood lumber during the two years last past but also familiar with the conditions affecting the wholesale lumber business and of the hardwood supply and demand.

Has no reason to believe that defendants in this case, by reason of their Open Competition Plan, so-called, intended to accomplish any agreement to fix prices or to restrict production or distribution thereof. In fact, believes it would have been absurd for defendants to attempt to carry out any such purpose, because they constitute only approximately 7 per cent of the hardwood producing mills to which he and other buyers have access. That the defendants have not, in fact, accomplished any fixing or uniformity of price is shown by Schedule "A" (R., Vol. 2, 1370), showing the price paid by witness for the kinds of lumber named to various defendants from October 1, 1919, to December 31, 1919. Schedule "B" (R., Vol. 2, 1371), showing comparative prices paid to defendants and non-defendants for the same item.

Any attempt to fix the price of lumber would be ineffectual, because of the fact that the points of production are at varying distances from the points of consumption, and the freight rates from different mills to any recognized market center vary to a marked degree. If the price be fixed at the mills the addition of the transportation charges to any common market shows a variation of from $5 to $10 per M. If the price be fixed at point of delivery the deduction of transportation charges back to the mill would result in showing a different price to the different mills varying from $5 to $10.

Even if an attempt were made to fix prices at some arbitrarily selected common point of delivery, the varying distances from that point to point of consumption, and to the different mills, and therefore the differing transportation charges, would necessarily result in a great difference of prices either at delivery, or at the mills, or both.

The defendants in this case, as a general thing, manu-

facture a reasonably high-grade lumber. Here again we find one of the reasons why it is well-nigh impossible to accomplish any fixing of prices of hardwood lumber. Hardwood lumber from different mills in different localities must necessarily differ widely in the various features of wood texture, degree of dryness, average widths, relative proportion of desirable lengths, varying quality of manufacture, and the like, all of which features enter into the matter of price and value.

In his opinion the very material increase in the price of hardwood which has occurred in the last eight months is the result of natural and other causes not attributable to the defendants. During the war building was very much curtailed. At the same time production was stopped, so that no appreciable reserve supply was accumulated. For the past few months there has been an unprecedented demand, and at the same time a very great curtailment of production, due to labor and weather conditions.

During the winter 1918-1919 logging in the North (Michigan and Wisconsin) was curtailed by reason of insufficient snow, and in the South by reason of excessive rain. These facts resulted in small stocks of lumber in both localities in the spring of 1919. The hardwood lumber business was in a state of stagnation, and there was little or no prospect of improvement or incentive to increase stocks, as even a normal demand was wanting. When in June or July, 1919, there arose a general demand for hardwood lumber there were very small stocks out of which to supply this demand, and at that time of the year, with the conditions then existing, it was practically impossible for producers to increase the supply. This condition resulted in very keen competition between bidders for the very limited amount of lumber then ready for the market, and naturally prices increased rapidly.

Furniture Manufacturers and Other Consumers.

Here follows the testimony of a group of witnesses representing furniture manufacturers and other exclusive consumers of hardwood lumber. These witnesses purchased their needs in the open market from members and non-members.

Testimony of J. A. De Faut.

(Record, Vol. 2, 1393-6.)

Has supervision of the lumber department of the Brunswick-Balke-Collander Company, a very large consumer of hardwood lumber, having factories in many principal cities throughout the country, and consumes approximately thirty million feet of hardwood lumber annually.

That as a part of his activities he sends out inquiries for stock. One of these inquiries was made on the 11th of February, 1920. Among others to whom this was sent was the American Hardwood Manufacturers Association at Memphis. Said association circularized this inquiry to its membership generally, and as a result witness received quotations from many members of the said association, advising that they were making the quotations in response to said inquiry.

The quotations thus received for identical items of stock from members of the association varied largely, the range of the variation in price being as great as $50 per thousand and ranging from 1 per cent to 25 per cent.

There is exhibited in the record, as a part of his testimony, the original letters from 1 to 37, covering the quotations here referred to. All of these letters were received from members of the Hardwood Manufacturers Association, and all were written during the period beginning February 11th and ending February 18, 1920.

That on other occasions he has made similar inquiries which were circularized in the same way, and the quotations received in response to such inquiries exhibit in general the same diversity and range of prices.

(We submit herewith a tabulation wherein we compare quotations received by the above witness (Defaut Ex. 1) with the weekly sales report covering the same items and for the same period. It will be noted that the sales data reflect a higher price only on one item of all items involved in the quotations. We call attention to this evidence for the purpose of emphasizing the fact that if there had been a con-

trolled market the actual sales would have been equivalent at least to the quotations.

In passing, it is pertinent to note that when Mr. Defaut's inquiry was circularized by the association it went to all members of the association and not alone to the members of the plan, and certain of the data that is involved in the answers is from members who did not participate in the plan.)

(Here follows tabulated statement in answer to inquiry sent out on February 11, 1920, comparing data.)

Quotations Received by Witness J. A. De Faut from Members and Non-members of the Plan in Response to an Inquiry Made on February 11, 1920, Which are Here Compared with the High, Low, and Average Price as Disclosed by the Sales Data for the Corresponding Date.

	Inquiry of February 11, 1920, for—												Inquiry of February 11, 1920, for—								
	1" No. 1 common and better plain Red Gum f. o. b. Chicago, Ill.						1½" No. 1 common and better plain Red Gum f. o. b. Chicago, Ill.						1" No. 1 common quart. White Oak f. o. b. Chicago, Ill.			1½" No. 1 common quart. White Oak f. o. b. Chicago, Ill.			2" No. 1 common quart. White Oak f. o. b. Chicago, Ill.		
	Fas.			No. 1 common.			Fas.			No. 1 common.											
	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.	Quotations from—		High, low, and average price as shown by sales report 2, 14, '20.
	Members.	Non-members.		Members.	Non-members.		Members.	Non-members.		Members.	Non-members.		Members.	Non-members.		Members.	Non-members.		Members.	Non-members.	
1	201.50	.....	.....	171.50	.....	.....	211.50	.....	.....	191.50	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2	192.50	.....	.....	162.50	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3	.....	.....	.....	170.00	.....	.....	.....	.....	.....	.....	.....	.....	238.00	.....	.....	.....	.....	.....	.....	.....	.....
4	.....	.....	.....	.....	165.00	.....	.....	.....	.....	.....	.....	.....	.....	230.00	.....	.....	.....	.....	.....	.....	.....
5	.....	190.00	.....	.....	150.00	.....	.....	210.00	.....	.....	175.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6	.....	.....	.....	173.50	.....	.....	.....	.....	.....	.....	.....	.....	220.00	.....	.....	.....	.....	.....	233.00	.....	.....
7	180.00	.....	.....	155.00	.....	.....	190.00	.....	.....	170.00	.....	.....	.....	.....	.....	.....	.....	.....	250.00	.....	.....
8	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	223.00	.....	.....	.....	.....	.....	.....	.....	.....
9	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	224.00	.....	.....	.....	.....	.....	.....	.....
10	.....	215.00	.....	.....	180.00	.....	.....	.....	.....	.....	.....	.....	.....	233.00	.....	.....	240.00	.....	.....	.....	.....
11	.....	.....	.....	200.00	.....	.....	.....	.....	.....	.....	.....	.....	235.00	.....	.....	.....	.....	.....	.....	.....	.....
12	.....	.....	.....	170.00	.....	.....	.....	.....	.....	.....	.....	.....	245.00	.....	.....	.....	.....	.....	.....	.....	.....
13	.....	.....	.....	175.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
14	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	235.00	.....	.....	.....	.....	.....	.....	.....	.....
15	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	235.00	.....	.....	250.00	.....	.....	.....	.....	.....
16	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	260.00	.....	.....	.....	.....	.....	.....	.....	.....
17	211.00	.....	.....	186.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
18	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	200.00	.....	.....	.....	.....	.....	.....	.....	.....
19	.....	.....	.....	170.00	.....	.....	.....	.....	.....	180.00	.....	.....	238.00	.....	.....	.....	.....	.....	.....	.....	.....
20	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	245.00	.....	.....	.....	.....	.....	.....	.....	.....
21	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	250.00	.....	.....	.....	.....	.....	.....	.....	.....
21	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	225.00	.....	.....	.....	.....	.....	240.00	.....	.....
22	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	235.00	.....	.....	245.00	.....	.....	245.00	.....	.....
23	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
24	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	255.00	.....	.....	.....	.....	.....	.....	.....	.....
25	.....	.....	.....	172.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
26	196.00	.....	.....	171.00	.....	.....	.....	.....	.....	.....	.....	.....	240.00	.....	.....	.....	.....	.....	.....	.....	.....
27	.....	205.00	.....	.....	175.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
28	.....	.....	.....	183.00	.....	.....	.....	.....	.....	.....	.....	.....	210.00	.....	.....	.....	.....	.....	.....	.....	.....
29	.....	.....	.....	170.50	.....	.....	.....	.....	.....	.....	.....	.....	236.50	.....	.....	.....	.....	.....	.....	.....	.....
30	.....	.....	.....	168.50	.....	.....	.....	.....	.....	.....	.....	.....	231.00	.....	.....	.....	.....	.....	241.00	.....	.....
31	205.00	.....	.....	190.00	.....	.....	.....	.....	.....	.....	.....	.....	225.00	.....	.....	.....	.....	.....	.....	.....	.....
32	.....	.....	.....	.....	.....	.....	220.00	.....	.....	195.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
33	.....	.....	.....	174.00	.....	.....	.....	.....	.....	.....	.....	.....	226.00	.....	.....	.....	.....	.....	.....	.....	.....
34	.....	.....	.....	168.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
35	.....	.....	.....	170.00	.....	.....	.....	.....	.....	195.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
36	206.00	.....	.....	176.00	.....	.....	.....	.....	.....	.....	.....	.....	244.00	.....	.....	.....	.....	.....	.....	.....	.....
37	195.00	.....	.....	160.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
High	211.00	215.00	200.50	200.00	180.00	170.00	220.00	210.00	196.50	195.00	175.00	176.50	260.00	233.00	256.25	250.00	240.00	230.25	250.00	.....	236.00
Low	180.00	190.00	183.25	155.00	150.00	106.50	190.00	210.00	196.50	170.00	175.00	165.25	200.00	224.00	211.75	245.00	240.00	218.00	233.00	.....	236.00
Average	198.50	203.25	194.25	173.25	167.50	156.50	207.25	210.00	196.50	186.25	175.00	170.75	234.25	229.00	229.25	247.50	240.00	224.25	241.75	.....	236.00

NOTE.—The high, low, and average price as shown by sales report above includes freight charges from the gateway (Cairo, Ill.) to destination of $4.00 on Gum, $6.00 on 1" and 1½" Oak, and $6.50 on 2" Oak.

Testimony of F. D. Seabaugh.

(Record, Vol. 3, 1707-8.)

Secretary-treasurer and general manager of the Penn Table Company, a corporation engaged in the manufacturing of dining tables.

The buying of hardwood lumber by his company is exclusively in his hands. That the entire product of the company, including the crating used in shipping the same, is made of hardwood lumber, purchases being made in the open markets from manufacturers and dealers in lumber who will give the best price, terms, quality and grade. The Penn Table Company is not a member of the American Hardwood Manufacturers' Association. He has examined a list of the defendants named in the suit and says that he has made extensive purchases of lumber from many of them. He estimates and says that about ninety per cent of the requirements of his company is bought from some of the defendants. The balance of the lumber requirements of his company—about 10 per cent of all—is bought from manufacturers and dealers who are not members of the association. That his heavy per cent of purchases from defendants is because he has been better satisfied on the question of prices, terms, quality and grade.

Testimony of R. G. Bruce.

(Record, Vol. 3, 1701-3.)

Vice-president and general manager of the E. L. Bruce Company of Little Rock, Ark.

He is not a member of the association.

Is a heavy buyer of oak lumber and has been so for the past ten years. He makes the bulk of his purchases in Southern territory, especially in Arkansas and Louisiana.

From the time of the signing of the armistice down until the spring of 1919 there was a lull in the lumber market and little demand. That beginning with the spring of 1919 the demand became very heavy. He went actively into the market to purchase oak lumber. At this time the stocks of lumber in the hands of manufacturers, mills and dealers

in Southern territory were very low. He purchased or attempted to purchase lumber from all sources of supply. This regardless of the producer being a member of the so-called Open Competition Plan, or otherwise. In purchasing oak lumber he had very heavy competition from other buyers, and beginning with the spring of 1919 there has been a steady and continuous rise in the price of lumber, with no periods of stability. In his ten years of experience in purchasing oak lumber he has never known the demand to be so heavy or the commodity so scarce as in the period from the spring of 1919 to the present date.

That the reason for the high price was the shortage of stocks. The stock condition was due to logging conditions in the woods.

That the demand for hardwoods is due to the revival of industry that started in the spring of 1919.

That it is his experience that such difference of price levels as may exist for different items of stock depends largely upon the size of the producing concern. The larger mills that have sales organizations as a rule command the higher price. Lumber can be secured at a lower price from the smaller manufacturer who has no sales organization.

Testimony of W. A. Babbitt.

(Record, Vol. 2, 1372-93.)

Secretary of the National Association of Wood Turners, composed of manufacturers of turned-wood products and other heavy consumers of hardwood lumber. Due to witness relation to his association he has an intimate opportunity of coming in contact with hardwood lumber conditions throughout the country, as his people buy hardwood products in the Eastern territories, such as Pennsylvania, New York and Vermont; in the Southern territory, where the defendant mills are located, and in the lake region—Michigan and Wisconsin. Due to the unprecedented rainfall in the Southern and Eastern territories, hardwood production has been seriously handicapped, and due to the lack of snow in the woods in 1919, log production was handicapped in Michi-

gan and Wisconsin. To illustrate the conditions: yellow birch is competitive with red gum. The birch is produced in the Northern country and the gum in the South. As a rule, when one of these woods gets too high, due to buying conditions or production, consumers turn to the other wood. During 1919, however, both woods were high, due to production conditions. He files in connection with his evidence, as Exhibit '1,' copies of bulletins issued by the Department of Agriculture of the State of Vermont, the bulletin being distributed to lumber and timber interests in that State. This exhibit is set forth in the record (Vol. 2, 1375-1388).

(It is impossible to satisfactorily abridge this bulletin. In a word, however, it is proper to state that the official pronouncement of the Department of Agriculture of Vermont analyzes the reason why hardwood prices in that territory are phenomenally high. It discloses the enormous demand on the part of furniture, automobile and musical instrument houses. The bulletin is simply a cumulative circumstance, indicating the explanation of price levels.)

The following quotation from this witness in a way states the situation very aptly (R., Vol. 2, 1373-74):

"From his extended observation and information, affiant is thoroughly of the opinion that the rise in the price of hardwood lumber is due to operating difficulties and not to any agreements, understandings, or conspiracies to raise the price; that the scarcity of production is due entirely to the causes as outlined above, notably the universal unfavorable weather conditions and scarcity and inefficiency of labor, and not to any agreement or understanding to restrict production.

"Back of all this, in affiant's opinion, is another influence which has a marked effect both on the prices obtained for hardwood products and also on the low amount of stocks in the hands of the manufacturers. When the leading consumers of hardwood, through their intimate touch with conditions obtaining in the hardwood-producing sections of the country and through reports received from all sources, realized the impending shortage of production and realized

that back of that there had been a small demand for hardwood lumber throughout the period of the war, they stepped into the market and practically cleaned it. This necessarily immediately had a radically stimulating effect on prices.

"It is the opinion of affiant that the advance in the price of hardwood lumber, although later in starting, has been relatively greater in the Eastern hardwoods than in the Southern hardwoods. Affiant states that among the hardwood producers in New England there is no organization, so far as he knows, of any kind whatever that gives out trade information to its members.

"It is the result of the study and observation of affiant that throughout the country generally, in every hardwood-producing section—North, South, East, and West—the hardwood manufacturers are straining every nerve, in spite of the most adverse weather and labor conditions, to maintain and increase their production and in prosecuting that work are confronted with the most difficult and expensive conditions that have ever existed."

(The witness submits as Exhibit 2 (R., Vol. 2, 1389-90) a bulletin issued by the Hickory Handle Association, one of the allied wood turners groups, and among other things stated in this bulletin, we find:)

"It was shown by the reports of members that stocks of raw material were very low. The condition of the industry in this respect was deplorable. Timber cannot be bought at any reasonable price in any quantity. It was shown that competition with the rim and spoke manufacturers makes it almost impossible for the handleman to secure stock. It was shown that while some producers had been able to obtain up to 50 per cent of the timber necessary to meet the production demand, several had already or were about to close their factories. It was reported that some members had paid as high as $45 to $50 per M, or about $26 a cord for hickory, but that little was available at that price.

"Labor and other items of manufacturing cost show steady and heavy increases. Members in the Southern areas reported raises on account of having had to meet the wage price in the Northern areas.

"No one reported as being in good shape. The conclusion is that the industry faces an alarming crisis. It was suggested that a committee be appointed to give out information to non-members, but no action was taken." * * *

(In addition to the above, the witness submitted Exhibit 3 (R., Vol. 2, 1390-3), which was a confidential communication to members in New England. This bulletin, in a word, discloses the deplorable conditions surrounding production of hardwood products in Wisconsin and Michigan and in New England. There is also included in this bulletin a rather pertinent suggestion touching the constructive activities of the American Association in the matter of investigating the closer use of hardwoods through the manufacture of dimension stock. This has connection with certain comments that the court will recall were indulged in at group meetings wherein the members of the plan were urging that the utilization of waste material should be encouraged for the production of dimension stock.)

The witness concludes his statement as follows (R., Vol. 2, 1374):

"That the steps taken by the consumers represented in affiant's association to co-operate with the American Hardwood Manufacturers' Association to secure a larger production of the raw materials used in the wood-turning industry are also described in this bulletin under Article No. 3; affiant believes that the materialization of these plans will result not only in serving the interests of the wood-turners generally, but in a greater utilization and conservation of hardwood lumber."

Testimony of C. R. Comer.

(Record, Vol. 3, 1619-21.)

Secretary and treasurer and general manager of the Empire Furniture Company, of Huntington, West Virginia, a company engaged in the manufacture of furniture. This witness has sole control of the business, buying all of the

lumber. He has had submitted to him a list of the names of the defendants in this case and finds that he has purchased hardwood lumber from certain of these defendants during the year 1919 and the month of January, 1920.

He has likewise prepared a statement showing the hardwood products purchased by him during the year 1919 and the month of January, 1920, from defendants and non-defendants. He further states that the advances in lumber during 1919 were, in his judgment, due to the natural law of supply and demand; that in his judgment there was no material advance in lumber from the time of the beginning of the war until about May, 1919, at which time an active demand started, due to activities in building, manufacturing, and all lines of business; that this activity continued throughout the year 1919 at an increased rate, and in consequence the demand for lumber so disturbed the supply that the increase in price of lumber is thus accounted for.

(NOTE.—It is impossible to check prices submitted by this witness with the sales data or otherwise, due to the fact that witness failed to indicate the date of purchases from members and non-members. The sales data submitted will have to speak for itself.)

TESTIMONY OF JOHN DORNETTE, JR.

(Record, Vol. 3, 1708-9.)

Secretary and treasurer of the J. Dornette Brothers Company, manufacturers of desks. He buys yearly a quantity of hardwood lumber. He has had submitted to him a list of the defendants in this case and has no connection whatever with any of said defendants; that his purchases of hardwood lumber consist chiefly of quartered oak, plain oak, chestnut, and beech; that his purchases of quartered and plain oak during the year 1919 were made very largely from the Mawbray & Robinson Company, one of the defendants; that his purchases of chestnut lumber during the year 1919 were made from firms who were not defendants; that certain of his purchases of beech lumber were made from the Mawbray & Robinson Company at $28.00 per thousand.

while other quotations on exactly the same stock from others ranged from $33.00 to $36.00.

(NOTE.—Witness submits a list of chestnut prices which we cannot check due to the fact that the witness failed to date all purchases.)

Wholesalers and Retailers.

Here follows the testimony of a group of witnesses representing the wholesale and retail interests. These buyers purchase on the public market and, of course, do so wherever they can buy to their own best advantage. This testimony indicates that these buyers bought over the entire hardwood producing territory, this including Michigan and Wisconsin, the South, and also in the Vermont and Pennsylvania fields. Surely, if there had been an artificially controlled market no one would be more interested in discovering the fact than these witnesses and also they would be in a position to detect such a scheme. The business interest of these witnesses would be diametrically opposed to such a plan.

TESTIMONY OF P. A. RUTLEDGE.

(Record, Vol. 3, 1704-6.)

Secretary and treasurer of the Buskirk-Rutledge Lumber Company, of Cincinnati, Ohio.

That the said Buskirk-Rutledge Lumber Company does a wholesale lumber business, and has at Cincinnati, Ohio, a lumber yard and planing mill.

He buys all lumber for his aforesaid company, procuring same from the different sections of the country where hardwood lumber is manufactured.

He has read the list of names of the defendants. He has no connection, financially or otherwise, with any of said defendants.

His purchases of lumber during the year 1919 were made to a greater extent by telephone and telegraph than in former

years, by reason of rapidity at which business generally was handled. He has never known, during his experience, conditions like existed during year 1919 with regard to the scarcity of lumber, the wide variation in prices, and the unusual demand.

He recalls that at different times during the past year, after being appealed to by customers to secure for them lumber of various kinds, he was quoted prices showing a difference from $5.00 to $30.00 per thousand on the same stock.

He does not remember any case during the said period where, in answer to his request for prices, he was quoted what could be termed a similarity of prices on any item at any one time.

Has made inquiry as to prices from Southern mills, members and non-members of the plan, in November and December, 1919, and January, 1920, for certain items of hardwood lumber. He has filed as an exhibit the quotations that he received in reply to these inquiries.

(Here follows a tabulation wherein we compare the quotations submitted by the above witness (Rutledge Exhibit 1) with the sales data for the corresponding period:)

Quotations Received by Witness P. A. Rutledge from Members and Non-members of the Plan in Response to an Inquiry Made in November and December, 1919, and January, 1920, which are Here Compared with the High, Low, and Average Prices as Disclosed by the Sales Data for the Corresponding Period.

Inquiry January 29, 1920.

1" No. 1 Common Quartered White Oak f. o. b. Dayton, Ohio.

Quotations.			High, low, and average prices as shown by sales report of 1, 31, '20.
Made by—	Member.	Non-member.	
J. E. Stark & Co.	$217.00	.....	.....
Rush Lumber Co.	219.75	.....	.....
Felger Timber & Lumber Co.	.....	$222.00	.....
Geo. C. Eheman & Co.	.....	224.00	.....
Williams Lumber Co.	225.00	.....	.....
Grismore Hyman Co.	228.00	.....	.....
Penrod Jurden Lumber Co.	230.00	.....	.....
Stimson Veneer & Lumber Co.	.....	233.00	.....
J. V. Stimson & Co.	.....	235.00	.....
F. T. Dooley Lumber Co.	236.00	.....	.....
Goodlander Robertson Lumber Co.	237.00	.....	.....
Green River Lumber Co.	240.00	.....	.....
High	240.00	235.00	247.00
Low	217.00	222.00	211.00
Average	229.00	228.50	221.75

Inquiry December 11, 1919.

1" No. 1 Common Tupelo f. o. b. Toronto, Ontario.

Quotations.			High, low, and average prices as shown by sales report of 12, 13, '19.
Made by—	Member.	Non-member.	
Gideon Anderson L. & M. Co.	$64.00	.....	.....
Cleveland Oconee Lumber Co.	68.50	.....	.....
Cornelius Lumber Co.	.....	70.00	.....
Tuston Hardwood Lumber Co.	.....	75.00	.....
Chicago Lumber & Coal Co.	79.75	.....	.....
High	79.75	75.00	65.00
Low	64.00	70.00	56.25
Average	70.75	72.50	61.25

Inquiry December 10, 1919.

1" No. 1 Common Cottonwood f. o. b. Grand Rapids, Mich.

Quotations.			High, low, and average prices as shown by sales report of 12, 13, '19.
Made by—	Member.	Non-member.	
Jones Lumber Co.	$68.50	.....	.....
Thane Lumber Co.	70.00	.....	.....
H. W. Danby Lumber Co.	77.00	.....	.....
Chicago Lumber & Coal Co.	98.00	.....	.....
High	98.00	.....	69.00
Low	68.50	.....	60.50
Average	78.50	.....	63.25

Inquiry November 24, 1919.

1 x 13 to 17" Sap Gum Box Boards f. o. b. Chicago, Ill.

Quotations.			High, low, and average prices as shown by sales report of 11, 29, '19.
Made by—	Member.	Non-member.	
Utley Holloway Co.	$85.00	.....	.....
Cornelius Lumber Co.	.....	$90.00	.....
Stimson Veneer & Lumber Co.	.....	93.50	.....
Newell Lumber Co.	95.00	.....	.....
P. J. Lawrence.	.....	96.00	.....
J. V. Stimson & Co.	.....	98.00	.....
Chicago Lumber & Coal Co.	105.00	.....	.....
High	105.00	98.00	95.25
Low	85.00	90.00	76.00
Average	95.00	94.50	84.50

NOTE.—The high, low, and average prices, as shown by sales report above, includes freight charges from gateway (Cairo, Ills.) to destination as follows:

Cairo to Dayton, Ohio	$7.25
Cairo to Toronto, Ont.	7.25
Cairo to Grand Rapids, Mich.	5.00
Cairo to Chicago, Ill.	4.75

TESTIMONY OF S. W. RICHEY.

(Record, Vol. 3, 1706-7.)

Member of the firm of Richey, Halstead and Quick, which does a strictly wholesale business, and does not operate any sawmills. He has been shown a list of the defendants and finds in the list many concerns from whom his firm purchased lumber during 1919. That his firm buys and sells lumber in all markets; that the activities of his firm make it necessary for him to acquaint himself with conditions in the different hardwood material producing centers. During 1919 his firm purchased lumber from mills that were members of the Open Competition Plan as well as mills that were not members of the said plan, and found that there was a greater variation of price during 1919 than any other period that he has ever experienced in buying and selling lumber.

TESTIMONY OF JAMES SHERLOCK DAVIS.

(Record, Vol. 3, 1615-16.)

President of the Cross, Austin & Ireland Lumber Company, a retail company of Brooklyn, N. Y., engaged in the retail lumber business at that point.

He is president of the Chamber of Commerce of Brooklyn and has devoted much time to the study of industrial conditions, and particularly as the same relate to the lumber business.

During the winter of 1918 and the spring of 1919 there was a general stagnation in the building industry and this in spite of the very great need of dwelling houses and business buildings. In the late spring of 1919 building operations started up and an enormous demand developed for lumber products; including hardwood lumber.

He buys his hardwood needs for his yard stock in the common market and knows the very great difficulty there was in securing adequate supplies during the latter part of 1919. The situation was primarily due to lack of stocks at the mill and the disorganized condition of transportation.

He purchased his needs largely from wholesale dealers

in the East, although at times he bought direct from the mills. As a rule he paid a larger price to the wholesaler for his stock than when he bought from the mill direct.

Testimony of I. Elson.

(Record, Vol. 3, 1703-4.)

Member of the firm of Rosenschweig and Elson, retail lumber dealers, New York city.

Said firm handles approximately 2,500,000 feet of lumber yearly, of which 500,000 is hardwood products. Buys supplies from manufacturers and others principaliy in West Virginia, Tennessee, and North Carolina.

Has seen the names of the defendants in this case and states that he has purchased lumber from some of these defendants as well as from other manufacturers who are not defendants.

That from examination of his book he finds that the prices he paid for lumber purchases from defendants compare favorably with the prices paid to those mills that are not defendants.

He buys approximately about seventy-five per cent of his hardwood products from mills represented among the defendants, and approximately twenty-five per cent of his needs are bought from mills that are not classified as defendants.

Testimony of Jacob Bayer.

(Record, Vol. 3, 1617-18.)

Owner of the Jacob Bayer Lumber Company. That his company retails annually approximately three million feet, of which 95 per cent is hardwood lumber; that his supplies of hardwood lumber are secured from manufacturers and others in West Virginia, Illinois, Arkansas, Texas, and Kentucky. His purchases consist of chestnut, plain and quartered oak, poplar, and ash; that he has seen a list of the members of the Open Competition Plan of the American Association, and from this list has ascertained the fact that he has purchased his hardwood lumber supplies from some of the manufacturers who are members of this plan and from some who are not members of the plan. That he has ex-

amined the record of his purchases and has ascertained that during a number of years last past, he made many purchases from manufacturers who are not members of the plan at prices as high, or higher than the prices at which he purchased the same grade and variety of product from members of the plan during the same period. He estimates the approximate percentage of his purchases from manufacturers other than those who are members of the plan to be 40 per cent.

TESTIMONY OF F. B. McMULLEN.

(Record, Vol. 3, 1618-19.)

Vice-president and general manager of the McMullen Powell Lumber Company. That his company does a strictly wholesale business and does not own any sawmills. He has been shown a list of the defendants, and finds in the list many concerns from whom his company purchased lumber during 1919. He submits list of purchases from defendants and also from non-defendants.

Manufacturers Not Members of Association.

Here follows the testimony of a group of witnesses representing mills that are not members of the association and therefore did not have access to the Open Competition Plan.

TESTIMONY OF CHARLES H. CRANE.

(Record, Vol. 3, 1723-4.)

Manager of C. Crane & Company, of Cincinnati.

Not a member of the American Hardwood Manufacturers' Association nor familiar with the work of this association. His concern is a large producer of hardwood products, having the capacity of approximately fifteen million feet per year.

During the year 1919 lumber continued to rise, and his concern was able to get more money every month for its lumber. As to values obtained he files a statement of prices

obtained during the middle of the year and about July, 1919, covering a number of hardwood items."

(NOTE.—It is impossible to check prices submitted by this witness with the sales data or otherwise, due to the fact that witness failed to indicate the thickness of the various items referred to in his testimony.)

TESTIMONY OF CHARLES H. WORCESTER.

(Record, Vol. 3, 1527-9.)

President of the Charles H. Worcester Company.

This company has two mills located in northern Michigan. Its production is sold through the Chicago office. The company also purchases from northern Wisconsin and Michigan mills hardwood products for resale.

The hardwood lumber thus produced and purchased comprehends birch, maple, and basswood, which lumber directly competes with gum, oak, and poplar produced in the Southern territory.

That since May, 1919, the demand for hardwoods in the Michigan region has been excessive.

In October and November the supply of hardwood lumber at the mills in Wisconsin and Michigan was below normal, and lively competition developed among buyers for the available supply. This condition caused a rapid advance in prices.

He sets forth in his testimony a list of prices for which his company sold hardwood products.

The advance in price was caused by shortage of supplies, coupled with the great demand.

(It will be noted that witness Worcester's operations are in the North, where the association has no members. The hardwoods of Wisconsin and Michigan are competitive in the same markets with the hardwoods produced in the territories covered by the association. The witness filed a schedule of prices for birch, which is a competitive wood with the birch

produced in West Virginia and also competitive with red gum produced in the South.

Here follows a tabulation disclosing the competitive relation of Michigan birch with West Virginia birch and also disclosing the competitive relation between Michigan birch and Southern red gum as disclosed by the sales data for the corresponding period.)

Schedule of Sales Prices for Birch Lumber Submitted by Witness Chas. H. Worcester, Covering the Period May 2, 1919, to February 11, 1920, Which are Here Compared with Sales Data on West Virginia Birch and Southern Red Gum, as Disclosed by Weekly Sales Reports for the Corresponding Period.

	Fas.			No. 1 common.			No. 2 common.		
	Birch.		Red gum.	Birch.		Red gum.	Birch.		Red gum.
	Witness' price f. o. b. mill.	Assn. avg. price f. o. b. Cinn.	Assn. avg. price f. o. b. Cairo.	Witness' price f. o. b. mill.	Assn. avg. price f. o. b. Cinn.	Assn. avg. price f. o. b. Cairo.	Witness' price f. o. b. mill.	Assn. avg. price f. o. b. Cinn.	Assn. avg. price f. o. b. Cairo.
May 2, 1919....	60.00	57.25	50.25	33.00	42.00	36.50	27.00	.....	.....
May 26, 1919....	60.00	.....	51.00	38.00	.....	40.00	29.00	.....	30.00
June 7, 1919....	60.00	.....	56.25	40.00	41.50	43.50	30.00	27.50	36.75
July 1, 1919....	70.00	.....	69.00	45.00	49.00	53.00	31.00	34.00	35.25
July 29, 1919....	75.00	61.50	93.25	50.00	44.00	66.00	37.00	35.50	40.50
Sept. 15, 1919...	80.00	67.25	102.75	50.00	47.75	75.00	37.00	32.50	50.00
Oct. 11, 1919....	85.00	70.75	100.00	55.00	52.25	72.75	37.00	37.50	45.50
Nov. 3, 1919....	95.00	82.75	105.50	65.00	56.00	78.25	40.00	.....	45.50
Dec. 18, 1919....	140.00	90.25	135.25	100.00	70.25	110.00	55.00	42.50	64.75
Feb. 11, 1920....	185.00	128.25	190.25	135.00	103.25	152.50	80.00	.....	87.25

NOTE.—All prices are comparative, freight being equal from all points to common markets.

Testimony of George T. Houston.

(Record, Vol. 3, 1538-43.)

Member of the firm of George T. Houston and Company, and Houston Bros., doing business at Vicksburg, Mississippi. The normal production being thirty-six million feet a year, also buys at wholesale, buying and selling twenty to twenty-five million feet a year that his company does not manufacture. His company buys and sells over the entire Southern territory. Prior to the year 1918 had six to eight traveling men buying and selling. During 1919, due to the heavy demand and the facility with which sales were made, his selling force was reduced to two.

Neither one of the above firms are members of the American Hardwood Manufacturers' Association. They were invited to join, but one of the partners was of the opinion that the information obtained and distributed to the members was not compensated for in the dues, and, because of these views on the subject, they did not become members.

His firms, therefore, were not furnished with any of the information, data, etc., gathered and distributed by the association.

In selling lumber that he manufactures and in buying, and in selling that which he did not manufacture, he was not assisted or affected by this data because he was not furnished with it.

In doing his business he relies on the information that his traveling men secure and on his study and knowledge of market conditions as he obtains them from the various other sources accessible to the trade.

He attaches as Exhibit No. 1, a list which represents prices which he obtained for lumber during the year 1919. This represents both lumber that he manufactured and that he bought on the open market and resold. The prices indicated are the high and average prices.

The information contained in this exhibit is taken from his books.

Of his own knowledge the mill men over the territory that he is familiar with, being the Southern territory, have made every effort possible to increase production, due, of course, to the heavy demand and the high prices.

In making the purchases of the amount of lumber described above, which he purchased (as distinguished from what he manufactured), he has bought indiscriminately from manufacturers in the Southern hardwood territory, whether members of the Open Competition Plan of the American Hardwood Manufacturers' Association or not, and the prices at which he has purchased have been substantially the same. He has purchased large quantities of lumber from non-members and members of the said plan at such prices that in selling it in the common market and along with his own manufacture, and at the same prices for the different varieties and grades as that he got for his own manufacture, he has been able to make a fair margin of profit over and above the cost price to him in his purchases from the said members.

Is not a member of the American Hardwood Manufacturers' Association and does not have access to any of the data of the Open Competition Plan.

(Here follows a tabulation wherein we compare the average prices obtained by the above witness (Houston, Exhibit 1) with the average prices as disclosed by the sales data for the same items and corresponding period.)

Sales (Average Monthly Realization) of Witness George T. Houston, Made During the Year 1919, Which Are Here Compared with Sales Data as Disclosed by the Weekly Sales Report for the Corresponding Period.

	Witness' average sales price f. o. b. Vicksburg, Miss.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Quartered White Oak.			
February, 1919.....	60.50	69.00	68.75
April, "	67.00	75.50	75.75
May, "	72.00	80.50	83.75
June, "	81.00	89.50	93.50
July, "	115.00	123.50	120.25
August, "	135.00	143.50	146.50

		Witness' average sales price f. o. b. Vicksburg, Miss.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
October,	1919.....	145.00	153.50	154.25
November,	"	153.00	161.50	169.50
December,	"	169.50	178.00	189.00
	1" No. 1 Common Quartered Red Oak.			
February,	1919.....	42.00	50.50	48.75
May,	"	53.00	61.50	59.75
June,	"	76.50	85.00	85.75
July,	"	79.00	87.50	103.00
October,	"	105.00	113.50	114.50
	1" No. 1 Common Plain White Oak.			
February,	1919.....	33.00	41.50	41.75
April,	"	34.50	43.00	41.50
May,	"	37.00	45.50	45.75
June,	"	53.00	61.50	56.00
July,	"	63.00	71.50	66.75
September,	"	73.50	82.00	75.75
October,	"	73.00	81.50	78.50
November,	"	78.00	86.50	90.50
December,	"	106.00	114.50	103.00
	1" No. 1 Common Plain Red Oak.			
January,	1919.....	33.50	42.00	40.00
March,	"	33.00	41.50	40.75
April,	"	33.50	42.00	40.50
May,	"	35.50	44.00	44.75
June,	"	40.50	49.00	50.50
July,	"	53.00	61.50	65.25
August,	"	64.00	72.50	74.00
September,	"	67.50	76.00	72.75
October,	"	70.00	78.50	76.00
November,	"	74.00	82.50	95.25
December,	"	90.50	99.00	112.75

		Witness' average sales price f. o. b. Vicksburg, Miss.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Cottonwood.				
January,	1919.....	30.00	35.50	34.50
March,	"	31.00	36.50	35.50
April,	"	31.00	36.50	35.75
June,	"	34.00	39.50	38.25
July,	"	38.00	43.50	40.50
August,	"	40.00	45.50	47.00
September	"	43.50	49.00	45.25
November,	"	44.50	50.00	56.75
December,	"	57.00	62.50	54.50
1" No. 1 Common Red Gum.				
January,	1919.....	30.00	37.00	38.00
February,	"	30.00	37.00	36.00
March,	"	32.00	39.00	36.00
April,	"	32.00	39.00	36.00
May,	"	33.00	40.00	40.00
June,	"	47.00	54.00	53.75
July,	"	57.50	64.50	65.25
August,	"	68.00	75.00	72.50
October,	"	68.50	75.50	74.00
November,	"	75.00	82.00	86.50
December,	"	96.00	103.00	128.75
1" No. 1 Common Sap Gum.				
February,	1919.....	25.00	31.50	29.59
March,	"	24.00	30.50	30.25
April,	"	27.00	33.50	30.00
May,	"	28.00	34.50	31.25
June,	"	31.50	38.00	35.00
July,	"	37.00	43.50	39.25
August,	"	40.50	47.00	44.75
September,	"	38.50	45.00	44.25
October,	"	39.50	46.00	45.25
November,	"	44.00	50.50	53.75
December,	"	50.50	57.00	64.25

(NOTE.—To place witness' sales price on a comparative basis with sales data, the following freight charges have been added to witness' average sales price.)

Oak	$8.50
Cottonwood	5.50
Red gum	7.00
Sap gum	6.50

TESTIMONY OF O. M. KREBS.

(Record, Vol. 3, 1507-10.)

Vice-president and manager of the McLean Hardwood Lumber Company, of Memphis, Tenn.

His concern is not a member of the association, nor has it any access, direct or indirect, to the data distributed by Mr. Gadd.

That the normal output of his plant is from ten to twelve million feet.

His lumber is sold in the open market in competition with hardwood production throughout the country.

That during his twenty-five years' experience as producer of hardwood lumber, he has never known market conditions to be as they are today. The demand is unprecedented and the supply is below normal. This condition is not confined to any region, but is universal throughout the South.

In his opinion the range of prices that now exists is unquestionably due to the law of supply and demand.

That he is thoroughly familiar with lumber conditions in the South, is well acquainted with many of the mill men who are members of the American Hardwood Manufacturers Association; and that he has no knowledge of, and in fact has never heard of, any combination that was operating during 1919 for the purpose of maintaining or enhancing prices. The demand was the influence that enhanced prices. Hardwood prices would have advanced regardless of association activities. Buyers have been actually bidding for lumber products.

That he has thought that the market was going too high, and has discussed this situation with operators whom he

knew to be members of the association, and they coincided with these views.

That his organization has eight salesmen on the road, and through these salesmen he is kept in close touch with the market. He has therefore not felt the need of the market information distributed by the association.

As an indication of the prices he has received for his lumber during the year, witness submitted a chart (R., Vol. 3, 1508), drawn from his books, showing the specie, grade and prices obtained throughout the year 1919. This chart is attached as an exhibit and is marked Exhibit No. 1.

Gum logs advanced between August, September and October from $25 per thousand feet to $68 per thousand feet.

(Here follows a tabulation wherein we compare, month by month, the sales data as disclosed by the weekly sales report with the sale prices as disclosed by witness Krebs' statement.)

Sales of Witness O. M. Krebs Made During the Year 1919 *Which Are Here Compared with Sales Data as Disclosed by the Weekly Sales Reports for the Corresponding Period.*

Date of sale.	Witness' high and low prices f. o. b. Cairo, Ill.	Open comp. sales report current average prices.
1″ No. 1 Common Quartered White Oak.		
January, 1919,	67.00 to 71.00	67.75 to .....
February, "	70.00 " 71.00	67.25 " 68.75
March, "	70.00 " 108.00	70.00 " 71.75
April, "	75.00 " 78.00	70.50 " 75.75
May "	75.00 " 84.00	75.25 " 83.75
June, "	105.00 " 107.50	87.50 " 93.50
July, "	105.00 " 110.00	102.25 " 120.25
August, "	140.00 " 154.00	134.00 " 146.50
October, "	151.00 " 156.00	153.00 " 154.25
November, "	155.00 " 190.00	160.50 " 169.50
December, "	181.00 "	178.50 " 189.00

Date of sale.		Witness' high and low prices f. o. b. Cairo, Ill.		Open comp. sales report current average prices.	
1" Common Plain White Oak.					
January,	1919,	43.00 to	44.00	40.50 to	.....
February,	"	43.00 "	.....	38.75 "	41.75
March,	"	42.00 "	46.00	42.00 "	42.25
April,	"	42.00 "	46.00	40.50 "	41.50
May,	"	43.00 "	48.00	42.75 "	45.75
June,	"	57.00 "	62.00	49.00 "	56.00
July,	"	68.00 "	72.00	58.00 "	66.75
August,	"	77.00 "	.....	68.25 "	73.25
September,	"	75.00 "	.....	71.75 "	75.75
October,	"	75.00 "	79.00	73.50 "	78.50
December,	"	102.00 "	117.00	96.75 "	103.00
1" No. 1 Common Plain Red Gum.					
February,	1919,	36.00 to	.....	32.75 to	36.00
March,	"	36.00 "	38.00	35.75 "	36.00
April,	"	36.00 "	38.00	35.75 "	36.00
May,	"	38.00 "	56.00	36.50 "	40.00
June,	"	60.00 "	.....	43.50 "	53.75
July,	"	62.00 "	63.00	53.00 "	65.25
1" No. 1 Common Sap Gum.					
January,	1919,	30.00 to	.....	28.75 to	.....
February,	"	30.00 "	31.00	29.25 "	29.50
March,	"	30.00 "	34.00	29.50 "	30.25
April,	"	34.00 "	.....	29.50 "	30.00
May,	"	33.00 "	.....	29.50 "	31.25
June,	"	46.00 "	.....	31.75 "	35.00
July,	"	48.00 "	.....	36.00 "	39.25
November,	"	54.00 "	.....	46.00 "	53.75

TESTIMONY OF R. C. STIMSON.

(Record, Vol. 3, 1517-27.)

Secretary and Treasurer of the Stimson Veneer & Lumber Company, of Memphis, Tenn.

That he is not a member of the American Hardwood Manufacturers Association.

That he has prepared and here presents a list of representative sales made by his concern during the year 1919 (R., Vol. 3, 1518-27), ranging from the 11th day of January, 1919, to the 22nd day of December of that year. This list represents prices f. o. b. Memphis.

That in presenting this list he desires to state that he has no knowledge whatever of the prices charged by the members of the Open Competition Plan for similar items.

He offers the list for the purpose of comparison.

(Here follows a tabulation wherein we compare the prices obtained by the witness (Stimson Exhibit 1) with the sales data covering the same items and corresponding period.)

Sales of Witness R. C. Stimson Made During Year 1919, *Which Are Here Compared with Sales Data as Disclosed by the Weekly Sales Reports for the Corresponding Period.*

Date of sale.	Witness' sales prices f. o. b. Memphis.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Quartered Red Gum.			
March 5, 1919.....	34.00	38.25	39.00
April 1, "	35.00	39.25	39.50
" 3, "	35.00	39.25	39.50
May 6, "	37.00	41.25	41.75
July 23, "	77.00	81.25	74.50
December 3, "	115.00	119.25	122.00
" 3, "	113.00	117.25	122.00

Date of sale.	Witness' sales prices f. o. b. Memphis.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Plain Red Gum.			
April 15, 1919.....	31.00	35.25	35.50
" 16, "	35.00	39.25	35.50
May 10, "	34.00	38.25	37.50
" 14, "	34.00	38.25	38.50
" 19, "	34.00	38.25	39.25
June 18, "	50.00	54.25	49.00
" 30, "	60.00	64.25	53.00
July 23, "	70.00	74.25	65.25
August 6, "	68.00	72.25	69.50
" 8, "	70.00	74.25	69.50
October 17, "	71.00	75.25	72.25
December 3, "	100.00	104.25	100.25
1" No. 1 Common Sap Gum.			
January 24, 1919.....	26.00	30.00	28.75
April 3, "	25.00	29.00	29.50
June 27, "	34.00	38.00	35.00
July 10, "	39.00	43.00	36.50
August 1, "	40.00	44.00	42.25
September 15, "	42.00	46.00	44.75
" 17, "	42.00	46.00	44.75
" 25, "	46.00	50.00	44.25
October 31, "	42.00	46.00	46.00
November 8, "	44.00	48.00	47.25
December 11, "	60.00	64.00	58.50

Date of sale.	Witness' sales prices f. o. b. Memphis.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Quartered White Oak.			
February 14, 1919.....	64.00	69.00	73.00
" 24, "	64.00	69.00	70.00
April 12, "	70.00	75.00	73.00
" 14, "	67.00	72.00	73.50
" 22, "	67.00	72.00	75.75
May 21, "	82.00	87.00	79.75
" 21, "	78.00	83.00	79.75
" 24, "	83.00	88.00	79.75
June 3, "	90.00	95.00	87.50
" 5, "	94.00	99.00	87.50
" 5, "	95.00	100.00	87.50
July 8, "	114.00	119.00	109.00
" 10, "	114.00	119.00	109.00
September 12, "	152.00	157.00	148.50
October 9, "	147.50	152.50	152.75
November 5, "	150.00	155.00	155.25
" 2, "	150.00	155.00	155.25
" 2, "	155.00	160.00	155.25
" 2, "	155.00	160.00	155.25
1" No. 1 Common Plain White Oak.			
April 21, 1919.....	40.00	45.00	41.50
May 15, "	43.00	48.00	44.00
" 20, "	48.00	53.00	42.50
November 10, "	84.00	89.00	83.75

Date of sale.	Witness' sales prices f. o. b. Memphis.	Which is equivalent at Cairo, Ill. to	Open comp. sales report current average prices.
1" No. 1 Common Quartered Red Oak.			
June 2, 1919.....	62.00	67.00	70.00
" 6, "	63.00	68.00	70.00
" 7, "	63.00	71.00	70.00
July 11, "	76.00	81.00	88.75
" 22, "	90.00	95.00	103.00
" 24, "	90.00	95.00	103.00
September 1, "	100.00	105.00	113.75
November 8, "	140.00	145.00	113.50
" 10, "	130.00	135.00	113.50
December 10, "	150.00	155.00	155.75
1" No. 1 Common Plain Red Oak.			
January 30, 1919.....	34.00	39.00	40.00
March 14, "	35.00	40.00	41.00
April 22, "	39.00	44.00	40.50
May 10, "	40.00	45.00	44.00
" 15, "	41.00	46.00	44.50
August 13, "	70.00	75.00	70.25
" 14, "	65.00	70.00	70.25
November 10, "	84.00	89.00	80.00
December 3, "	100.00	105.00	90.25
1" No. 1 Common Cottonwood.			
February 5, 1919.....	31.00	34.25	35.75
July 5, "	38.00	41.25	38.75
August 13, "	40.00	43.25	45.50
October 1, "	41.00	44.25	47.50
" 10, "	43.00	46.25	46.25

NOTE.—To place witness' sales price on a comparative basis with sales data, the following freight charges have been added to the price reported (f. o. b. Memphis):

Red Gum	$4.25
Sap Gum	4.00
Oak	5.00
Cottonwood	3.25

APPENDIX.

An Abridged Review of Minutes of Group Meetings.

(Record, Vol. 1, 92-223.)

Mr. Gadd, as manager of the Open Competition Plan, attended the group meetings and acted as secretary. The minutes of these meetings were filed in the office of the association, but were not distributed to the membership, not even to the members of the local group.

During the period of the alleged conspiracy there were fifty group meetings, the first held January 21, 1919, and the last at Little Rock on February 19, 1920. An impartial record of the things said and done at these meetings was kept.

To undertake a review of all statements appearing in the minutes for the fifty group meetings would extend this analysis to unwarranted length, and in addition such course is unnecessary and this because the greater bulk of the data does not and could not be drawn in question—such as weather and labor conditions, collections, car supply, costs, manufacture, log supply, demand, where coming from, inspection, advertising of hardwoods, exports, etc.

On occasion the minutes disclose discussion on the important subject of production, and also reference is made to the subjects of stocks and prices. These are matters that do touch the charge of the bill, and it is therefore proper and necessary, as far as practicable, that they be referred to specifically.

Statements made at these meetings here follow:

Cincinnati, 1, 21, '19 (R., Vol. I, 92):

"Mr. Robinson further stated that consuming plants in this country had heavy stocks. The Government had a sur-

plus of lumber to move. * * * If there is no increase in production, particularly in oak, there is going to be good business, but did not believe sawmill men would make much money this year. Nothing in sight to make sawmill men get busy. Lots of firms are going to have hard sledding. If we commence to have business failures, we are going to have hard times. Believe hardwood industry has brightest future of any industry, but do not think any industry has much to look forward to. The cost of living must first be adjusted. Cost of production is near selling price. Oak has gone up less than almost anything else. Believe #2 common and better oak will go higher—it will have to to let us live. First and seconds oak sold for $60.00 in 1914—now selling for $70.00. That is not much advance. The same condition exists in #1 common. The lower grades went up, and if they had not, our cost would have exceeded our selling price. I do not believe the lower grades will hold up, and that is where we have been making our money. I think there will be a good volume of building, but no man is safe in increasing his production. If he does, he will be in bad shape, as the demand won't come."

Cincinnati, 2, 11, '19 (R., Vol. I, 94):

"Mr. Pryor: From a standpoint of inquiries, the outlook is very good, but orders booked are small, probably not over 50%, or equal to the present rate of production.

"Mr. Hutchinson: The first two weeks in January looked very blue—the latter part of January and up so far this month, very good—in fact, I have called a halt on accepting any further orders at present. My production is down to 40%. We are having no business in wormy chestnut, #2 common oak, and are long on f. a. s. red. We are sold up on white oak. Our business is largely confined to railroads, mines, etc..

"Mr. Hamil stated in reference to the plan that is being worked out at Washington, to stabilize all basic commodities going into construction. Mr. Hamil stated that before the war ended the efforts of all industries were directed to one end—that of winning the war. The armistice stopped all of this, and the Government canceled all contracts as a result. Industries were working 100%, 80%, 75%, 60%—on Government work and on work of an entirely different char-

acter from what they were accustomed to do. With the signing of the armistice their orders were canceled and their chief customer taken away from them over night. In addition to this the Government disbanded the one tribunal in control of industries—the War Industries Board. The Government, through the War Industries Board, had actually taken charge of industries. Proof of this is that now the Government is looking for suggestions on how to bring about normal conditions in business. In this readjustment all industries must help—lumber alone could not help any—if the readjustment does not come quickly all are going to suffer, and I do not know what is going to happen to industry in this country. We will suffer not only losses in money, but the social evils and destruction of values that accompany the Bolsheviki idea. The prices of all basic commodities must come down to some proportional basis as in normal times—with prices on every kind of level business cannot go ahead. Mr. Ritter has conceived the plan of a committee to operate in connection with the Government, this committee to be empowered to call industry together and endeavor to impress upon them the necessity of a general reduction in prices—co-related prices in all industries so that they will be as in normal times. Mr. Ritter presented this plan to an informal meeting of the Cabinet, after calling on Secretaries Lane, Wilson and Glass, and it has resulted in the appointment of a committee by Secretary Redfield, subject to the approval of President Wilson. This committee is to be composed of some of the division heads of the War Industries Board and representatives of the railroads, labor, etc. Secretary Redfield has cabled President Wilson for confirmation of these appointments. Secretary Glass has also cabled a strong message, but at this time President Wilson's reply has not been received. The main purpose in pursuing this matter is to get your active co-operation in disseminating this information to the public. Preparatory to the appearance of this industry before this committee, this association has got this to do: We have to be prepared to show our production costs in 1913-1914 as compared with the latter months in 1918, as well as the selling prices of lumber for the same periods, also the advance in material and labor entering into the cost of production for the same periods. If we haven't this data, we must get it, and it must be based on averages, and not on individual operations.

"Mr. Hamil stated that lumber had fared less favorably than any other industry—that advances in prices on lumber had been less. He stated that the advance on farm products had been 135%, on animal products 97%, on mineral products 106%, on forest products 48%—average 102%. That we should therefore realize the advantage that we have through the fact that, while we have not been prospering as other industries have, we have little to fear in the readjustment of value on basic commodities. It is barely possible that the committee might take lumber as a basis for making other calculations."

(The above statement by Mr. Hamil had reference, as indicated, to the Redfield plan that was promoted by Mr. Ritter, one of the members of the plan. This reference is but one of many that will be found in the group meetings, It is significant that although this Redfield plan, which had for its purpose the depressing of prices, was freely discussed in these group meetings, where many members were present, yet there is not found an expression of protest or criticism to the effect that such course on the part of members is not in harmony with the alleged scheme to maintain and enhance prices and curtail production.)

New Orleans, La., 2, 24, 1919 (R., Vol. I, 99):

"Mr. Deutsch said he found many wholesalers buying up stocks with the view of taking advantage of the better prices bound to come, and because they expect stocks to be hard to get in the near future.

"Mr. Brewer stated that it looked as if the wholesalers had taken on a lot of business at any old price and cleaned up the small manufacturers of their stocks.

"Mr. Cleveland, who had just made a swing around the buying circle, said he found manufacturers well stocked and most of them hampered because of the failure of the Government to effect settlements on contracts.

"Mr. Adams stated that his mill had been shut down since last November because of weather conditions, and had a little over two million feet of stocks on hand. He said that Louisiana had experienced a thirty-inch rainfall in ninety days, and of course there was no production.

"Mr. L. C. Cornelius, of St. Louis, who was present, said he was asking $50.00 for his ash, but manufacturers were quoting $45.00 to $47.00. Believed there would be a better demand for red gum. The demand for box material was off. Looked for an average price on #1 and #2 gum, and better prices on f. a. s. sap. Ash stocks very low."

(Mr. Cornelius is not a member of the association, but a visitor. He is a St. Louis wholesaler and, being present, was privileged to participate in the discussion.)

"Mr. Geissler stated that he believed the association method of advertising might better be carried out by a campaign to educate the public to the fact that lumber was the cheapest of all building materials and that it had at no time advanced as had other commodities. He did not believe that the public needed education as to the uses of hardwoods, but that they did need to be educated to the fact that hardwood prices had not advanced hardly any beyond the cost of production. Mr. Geissler stated that he did not believe that those present realized the exaggerated idea of the public as to the prices that manufacturers were obtaining and the profits they were making. Believed if public were educated to the fact that mills were compelled to close down because they could make no profit on the present price basis it would be a good thing."

Cincinnati, Ohio, 3, 11, 1919 (R., Vol. I, 104):

"Mr. Stark called attention to Secretary Redfield's plan to stabilize industry. That the main function of this board is to harmonize the real adjustment of price conditions, that lumber will not be hurt if prices are cut a little, that it will only come back that much quicker, that he believed that industry would favor the proposition if it does not interfere with labor. That Washington has its own idea about the labor problem, and it is one of a fair, square deal for all. That the Government is nervous and disturbed about the labor situation and the social upheaval that follows the red flag. If the work of the Industrial Board will save that situation the Government will be very much pleased. Everybody is asking when the price of lumber is going to come

down. There is a scarcity of houses in every town in the country. I believe that if the price of lumber is reduced $2.00 or $3.00 and that comparative reductions are made in other commodities going into building, the demand will raise the price of lumber $5.00 within six months' time. If we can do this, the hardwood people are going to benefit more than any one else. Even if we get the worst of it at the start, if steel and other industries get going, it is bound to help out. The main thing is to get started—after that supply and demand will regulate conditions.

"Mr. Pearce stated that their inquiries were coming from wholesalers mostly. That the volume of business the other gentlemen speak of was not coming their way. That they have not changed prices any. That they were getting no inquiries for chestnut. It would appear that the hammering power of the wholesalers is having its effect.

"Mr. Korn stated that their mills were located in Mississippi and that they produced largely southern oak and gum. That gum is moving well, but oak is dragging. That they were receiving inquiries and orders for gum from customers they had not heard from for a long time. That they had received some big orders from wholesalers, in fact, better orders than they can get from the consumers."

Cincinnati, Ohio, 4, 5, 1919 (R., Vol. I, 108):

"Mr. R. M. Carrier, president of the association, was introduced. Mr. Carrier made a statement relative to the aims and purpose of the association. He stated that the members belonged to the association to make money. That it is a business proposition pure and simple—that they can only get out of the association what they put into it.

"Mr. Dulweber stated that at the January furniture show buyers were holding back and trying to bear down prices. He had been given to understand that since the show, the furniture people had increased production. His best information is that they have very small stocks of lumber on hand. He stated that he believed if the price had been maintained that more lumber would have been sold. He said that stocks were low in the South and that we were going to wake up some morning and find that we were entirely out of a considerable number of items.

"Mr. Stark stated that Babson was bearish on ninety per

cent of all commodities, but, all the way through and at the present time, was bullish on lumber, particularly hardwoods.

"Mr. Worcester stated that in the North they had had a very bad winter for logging, but that conditions in that section of the country were changing. Formerly all logs were put out in the winter, but now some mills are logging all the year round by railroad, and that probably not more than 40% of all logs put out this year would be winter logs. He stated that the total crop of logs would be about 70% of normal. That the only indication of price cutting had been by manufacturers trying to dispose of odds and ends left over from last year. He said, 'Buyers are finding it impossible to get the manufacturers to commit themselves for futures. Costs have been very high. Our logs today are costing us $16.00 where we used to log for $7.00. The Northern stocks of low grades are cleaned up.' "

(Mr. Worcester was not a member of the association. He is a manufacturer operating hardwood mills in Wisconsin, who happened to be at Cincinnati and attended the meeting and was privileged to discuss conditions as he saw them.)

"Mr. Burns referred to the fact that the L. & N. had been paying $36.00 at the mills—that whenever offered further business the railroad purchasing agent would say that they were not in the market for any ties, but that if they were in need of any the price would be $34.00—that probably the next time they have orders the price will be $32.00, and then $30.00. That the railroad apparently had no surplus of ties, but that it is very evident that they are making a concerted effort to bear down on price, and that if we did not look out the railroads were going to want millions of ties about the time the price goes down to $28.00.

"Mr. Roger E. Simmons, lumber trade commissioner, related his experience in Russia, and discussed the possibility of Russia continuing in the exporting of lumber. He stated that practically all the mills in Russia had been destroyed or dismantled. That even if Bolshevikism was dropped today that it would be at least 1923 before any lumber could come out of Russia. He gave figures showing exportation of lumber from Russia into England, France, Belgium and other European countries, and made plain the fact that the very

large supply furnished to these countries heretofore by Russia must now come from the United States and Canada."

(Mr. Simmons was one of four lumber trade commissioners sent abroad by the Government to study conditions there existing as relating to the lumber industry.)

Memphis, Tenn., 4, 11, 1919 (R., Vol. I, 113):

"Mr. Sondheimer stated that quartered red gum was very active. That buyers were in the market trying to get a year's supply, but could not get manufacturers to sell, as they were looking for better prices.

"Mr. Weiss stated that his experience was just the reverse. That he was long on 1" common red gum. That inquiries were numerous but that his prices apparently were too high to land the business.

"Mr. Anderson spoke in reference to the conditions in the box industry. He felt that the situation was not very encouraging. That gum boxes must compete with yellow-pine and Pacific coast woods, and facing this condition, the manufacturer must buy cheap from the producer who must make up his loss on the upper grades.

"Mr. Sledge stated that his stocks were badly broken and that he could not quote on half of the inquiries received. He said that the consumers of ash say that prices are too high and must come down or they will substitute something else probably elm. That buyers are now in the market for elm and maple.

"Mr. Massen stated that in oak and gum, the upper grades were moving but the low grades were slow. That he believed there would be a demand shortly for thick elm."

Memphis, 4, 11, '19 (R., Vol. I, 113):

"Mr. Stark stated that the mills depending upon the railroads for their log supply would be short of logs for the next sixty days."

Memphis, 5, 9, '19 (R., Vol. I, 121):

"The consensus of opinion was that inquiries were better by fifty per cent, and that the inquiries were coming largely from wholesalers. Stocks on hand at furniture factories are

reported to be very low, they have not bought anything for several months, but should be in the market shortly. It was stated that retail stores are continually receiving advice to advance prices on furniture. Furniture factories apparently are having more business than they can do this year and are not guaranteeing any shipments before September 1st. Building is starting up on a big scale.

"It was stated that the recent heavy rains would probably bring down the estimated sixty-four per cent of normal production during the next sixty days. That the recent rain had set back logging operations at least two weeks.

"It was stated that cottonwood was nearer cleaned up in all grades than any other kind of lumber. In gum the lower grades are piling up. There is no demand from the box trade.

"Reference was made to members who contemplate running day and night, and it was stated that the lumber industry had seen these unusual market conditions before and that we ought to be very sure that the market is capable of taking care of night and day lumber.

"Mr. Lang stated that there was no immediate relief in sight for box factories. That during the war these people had loaded up and had vast quantities of stocks on hand, particularly Pacific coast stock. He said that these factories had been receiving stocks from the Pacific coast that will run very wide, and that they had got used to this kind of stock and were going to continue to use it.

"The suggestion was made that as long as the price of f. a. s. gum is so near the price of No. 1 common they will not use the common, and that an effort should be made to try and market common gum in dimension widths for building purposes.

"Mr. R. L. Muse told of conditions in the dimension stock industry. He stated that it was to the interest of the dimension manufacturers to see that sawmill men got fair values for their product, and that it was to the interest of the sawmill men to see that dimension manufacturers also got attractive prices for their product."

Cincinnati, 5, 13, '19 (R., Vol. I, 124):

"Mr. Pryor stated that the demand from the wholesalers was sometimes very misleading—that he was in Philadelphia

the other day and had eight different inquiries for the same car of lumber within an hour."

Shreveport, La., 5, 21, '19 (R., Vol. I, 128):

"Mr. Patterson stated that his firm was long on No. 2 boxing cypress that they had held for a price. They found that they could not move the stock, and cut the price $2.00—sold over one-half million feet in five carload lots—and had raised the price $1.00 and continued to receive orders.

"Mr. Gadd reported that five or six additional boats had been sent to the Gulf ports for loading lumber. He stated that some Memphis mills were getting ready to run night and day. These are large river mills, who have logs that will spoil if they are not cut up rapidly.

"Mr. Patterson stated that in his opinion it was suicidal to run mills night and day. That the pine mills had done it but that he hoped they would profit by their past experience and not do it this year.

"The demand seems to be coming from wholesalers, mostly for domestic and export shipment—with an increased demand from the furniture and automobile factories. Market conditions have improved very materially during the past thirty days, although it is surprising the number of mills reporting no change, or slightly better. It is possible that conditions were already good with these mills, and have continued so—as assuredly there has been a decided change for the better during the past fifteen days.

"Production in the southwestern territory during the month of April was sixty per cent of normal, as compared with fifty-two per cent for the month of March. The estimated production for May and June was seventy-eight per cent. The production for the month of April for the combined hardwood territory was sixty per cent of normal, and the estimated production for the combined territory for the months of May and June was seventy-three per cent."

Jackson, Miss., 5, 23, '19 (R., Vol. I, 131):

"Answers to question No. 2 developed the fact that the demand was coming largely from wholesalers, but that there was a demand from the furniture trade and the flooring plants. In answering this question members were urged to

distinguish between wholesalers buying for domestic use and for export, the purpose being to ascertain if possible how much of the present demand is for export."

Jackson, Miss., 5, 23, 1919 (R., Vol. I, 130):

"Mr. Bailey was of the opinion that we must pay present wages and should not say much about it. He stated that he was perfectly willing to pay $3.00 or $4.00 a day, if he could get a day's work out of labor.

"Mr. Smith related his experience about sending some men up North to bring back a lot of negroes who wanted to come South. He said that 78,000 men were out of employment in Chicago. His men started back with fourteen, but lost two on the way.

"Mr. Hamilton reported that he had brought two carloads of Mexicans in during the month of January and four carloads of labor from St. Louis, but that the results were very unsatisfactory.

"Mr. Welch reported that he recently brought in nine men, sent eight of them out to the woods who said they were railroad men. They would not work and he fired them. He got in eight more, five of whom went to work. Got in some more the day before the meeting, but did not know how long they would last.

"The following interesting summary of market conditions, prepared by Mr. Zink, was read:

"Our Opinion of Market Conditions.

First. It would appear that the export demand is going to become excessive as soon as obstacles are eliminated—the present abnormal freight rates and lack of shipping facilities.

"Second. The railroads cannot remain out of the market much longer and their demands are going to be very great once a definite buying policy has been determined upon; and, with the price-fixing board out of existence, Director General Hines seems to have about made up his mind to call for bids.

"Third. The car shortage always brings with it difficulties in the prompt movement of lumber, and, with railroad equipment in as poor condition as it is today, quick shipments of

lumber are going to be next to impossible when crops commence to move.

"Fourth. Building operations all over the country are drawing heavily on stocks of lumber on hand; the furniture and musical-instrument trade must become more and more active as the country gets back on a peace basis; there is an ever-growing demand for agricultural implements and vehicles of all kinds and the automobile and truck industries are showing a decided increase in production.

"To our mind, all of the above activities are bound to accelerate the movement of lumber, and in our way of thinking an increase in selling costs is inevitable, especially when it is considered that the price of lumber has not increased in proportion to the cost of production and decreased efficiency of labor.

"Also, it would not seem that the high scale of wages labor has reached can be materially reduced so long as we have a high cost of living. Some people are looking for prices to go away down on everything, but we are afraid that prices have reached the bottom for some time to come. Manufactured articles cannot decline until labor declines. Labor cannot decline until farm products decline. The laborer cannot pay the price for meat and bread and work at his old-time wage. He has to eat hens at 35c. per pound. He has to eat meat that comes from hogs that sell at 21c. on foot. When do you look for hogs and hens and corn and wheat and cows and eggs and butter and cotton to be cheaper again? Tell us this, and then we will tell you when manufactured articles will be cheaper.

"Then, too, the scarcity of dry stocks has to be reckoned with. Conditions existent in the manufacturing end of the lumber business have been such as to keep the production of lumber below the actual consumption.

"We allow you to form your own conclusion as to whether you will be able to buy cheaper in the near future."

Little Rock, Ark., 5, 27, 1919 (R., Vol. I, 134):

"Mr. Holmes, in taking the chair, asked the co-operation of every member present, and urged every member to come to the next meeting and bring with him his neighbor manufacturers who are not members of the association. He stated

that the meetings would be open to any manufacturer of forest products."

Cincinnati, Ohio, 6, 10, 1919 (R., Vol. I, 134):

"A discussion of market conditions followed.

"In answer to question No. 1, it seemed to be the general opinion that the market was very active, with more live inquiries and orders—with an increased demand from all classes of customers except box factories. The export demand continues strong, with an increasing amount of space available. It was stated that the demand for box lumber was better. That No. 3 common poplar was worth $3.00 to $5.00 more than thirty days ago. That there was a heavy demand for sound, wormy chestnut, at firm prices. Reference was made to the spread in prices at Cairo and Cincinnati for common oak. Some discussion followed as to the quality of southern oak as compared with eastern oak. It was stated that eastern and northern furniture factories do not like southern oak. Eastern mills, however, were buying it for export.

"Mr. Robinson stated that he did not think a manufacturer should buy timber thinking that present conditions would continue. That the next six months will see more lumber produced than during any other period. Flooring plants are running up to capacity. He said that he had been offered an order for switch ties at $1.00 advance. Speaking about the inspection on switch ties, he said that the grading is spotted—one inspector will be good and the next one bad. He said that the list was $34.00 and that he had been offered an order at $35.00. That sound, square-edge oak was not so good.

"Mr. Hart stated that if a man is persistent he naturally gets more orders than the man who waits for the orders to come to him.

"Mr. Nigh stated that he could work a lot of waste into car oak size, and sell it for about the same price as he was getting for switch ties. This was on account of bringing down his logs in tree lengths, which permits him to saw odd lengths into car oak very easily.

"Mr. Robinson stated that this was the exception—that they could not cut their logs that way, as it would spoil their lumber product.

"Mr. Nigh asked the question as to how much higher log-run values are at the present time than they were at the high peak last year.

"Mr. Robinson said, 'Not over $3.00 or $4.00.'

"Mr. Horton stated that his had not gone up any.

"Mr. McCall thought there was some little increase.

"The answers to question No. 5 indicated that the production during the month of May was seventy-four per cent of normal, as compared with seventy-two per cent for the month of April, with an estimated production of seventy-seven per cent for the months of June and July. It was stated that the hemlock production will materially curtail the production of hardwoods.

"Mr. Robinson stated that he had voluntarily raised wages last week, under certain conditions."

Memphis, Tenn., 6, 13, 1919 (R., Vol. I, 142):

"As announced, a portion of the time for this meeting was given to the discussion of the compensation law, which becomes effective in the State of Tennessee on July 1st, 1919. Representatives of the various mutual and stock companies were present, and explained the operation of the law.

"Mr. Nickey stated that he could not see anything else but that present prices will hold good for some time, with possibly an upward tendency. He felt that some effort should be made to amend the excess profits tax, as its effect on real estate trades will hold back building.

"Mr. Dulweber: Some members seem to be alarmed about a big production. Believe that the demand and consumption today is considerably less than it will be ninety days or six months from now. Have not commenced as yet to feel the building demand. There is going to be a demand for more lumber than we will be able to produce. Members should use a little common sense in merchandizing their stocks. Even on the present basis, lumber is not high. One thousand feet of lumber will buy less than its equivalent of any other commodity.

"Mr. Jurden: The stabilized market is a good thing—today nobody knows what the price is. We cannot agree on prices while the market is in the shape it is today. I move that we hold these meetings weekly. I believe that it will go a long way toward keeping the market stable."

(Comment.—As this statement appears in the minutes, a false impression results, due to improper punctuation. This member made a sworn statement, which is found in the record, Vol. 2, page —, wherein he corrected statement so as to make it read as he made it and which is as follows:)

"We cannot agree on prices. While the market is in the shape it is today I move that we hold these meetings weekly."

(In this connection it will be recalled that the witness Gadd testified, this volume, —, that only two weekly meetings were held in compliance with this motion and were then abandoned.)

Little Rock, Ark., 6, 24, 1919 (R., Vol. I, 146):

"The demand is largely coming from wholesalers, furniture, flooring and automobile plants.

"The general outlook for business is very good. Unfavorable weather has interfered with production, while the demand continues to be heavy. A great deal of building is starting all over the country. Flooring plants are running night and day, and are sold up for several months ahead. They are reported to be cutting No. 2 and No. 3 common oak.

"Mr. Thomas stated that in his opinion the only salvation for the dimension industry was collective selling—that dimension men invariably make their prices low, through ignorance of market conditions."

Cincinnati, Ohio, 7, 8, 1919 (R., Vol. I, 148):

"Mr. Korn stated that in the South they had had seven months' rainfall. This had retarded production very materially, and he did not expect the mills to be running one hundred per cent before September 1st.

"Mr. Hopkins stated that the eastern mills could not run one hundred per cent, on account of inability to get labor.

"Mr. Mayhew stated that when the armistice was signed every one thought prices would decrease. Members did not endeavor to get a heavy production. Eastern mills are

starting up now, but the production at southern mills is still behind on account of weather conditions. In his opinion mills could not accumulate large stocks before March 1st, 1920. The average selling prices of the W. M. Ritter Lumber Company for the month of May were lower than the day the armistice was signed. Any one who tells you they were higher is just picking out a few items that have had an abnormal advance. If you will compare costs now with 1911 to 1914, you will find that you are making less money in dollars and cents than then. You must not forget that your cost has doubled—not your monthly cost, but your annual average cost. In other words, the cost is higher and the selling price no greater.

"Mr. Pryor said that if any one could regulate the price situation it would be the best thing that could happen. They had told their salesmen to stop selling, for the reason that they had nothing to sell. They are keeping their green stock off the list. The demand is far ahead of the supply. He said that they were running their mill to capacity, but not getting one hundred per cent production.

"Mr. Hutchinson said, 'If we stimulate production and advance prices, won't we soon have more lumber than we will require?'

"Mr. Pryor: Yes; but we have not reached that point yet. We will ship this month three million feet more than we cut, but hereafter we will not sell any more than we cut.

"Mr. Hopkins: With housing conditions short, and reconstruction going on all over the world, and the demand that is sure to come from the railroads, we see no reason why we should not have a continued good market into next year.

"Mr. Hutchinson: There is no use to make lumber if we cannot market it. On July 1st the price of lumber was higher than it has ever been. The furniture people are demanding lumber at any price. Do not see how there can be a bad lumber market for the next two or three years. The selling price is still out of proportion to the cost.

"Mr. Rubenstein, foreign representative for Mowbray & Robinson Company, stated that immense quantities of lumber had been shipped to Europe. That every inch of storage ground was occupied. That ships were standing in the river for days before they could be unloaded. That very little of this lumber has gone into consumption, and that we might

as well expect a decreased export trade for several months to come.

"Mr. Hutchinson stated, as an example of the increased cost of labor, that the coal mines today are taking labor from the sawmills by paying $6.50 per day for common labor."

Little Rock, Ark., 7, 22, 1919 (R., Vol. I, 155):

"Discussion of market conditions developed that the inquiries and present demand appear to be coming largely from wholesalers, furniture, automobile, flooring plants, etc. It was stated that some members are probably shipping lumber to wholesalers, feeling that they owed something to the wholesalers for the business given by them to the mills last March, at which time the mills could not sell lumber except through the wholesalers.

"Mr. J. B. Robinson called attention to the danger of high prices, and compared the costs today with those of 1917. If labor and supplies have doubled, and labor is below normal in efficiency, the price of lumber is not high."

Cincinnati, Ohio, 8, 12, 1919 (R., Vol. I, 159):

"Mr. E. O. Robinson stated that he thought there was too much talk about labor. That this talk is drifting down to the mills and causing trouble.

"Mr. Korn stated that some of the reports looked inconsistent, and asked how these mills were going to get their anticipated production if they were going to have labor troubles. He agreed with Mr. Robinson that there was too much talk about labor.

"Mr. Stark referred to the President's address, in one paragraph of which Mr. Wilson stated that the lumbermen had some form of concert and that was going to be corrected. He did not refer to what class of lumbermen, but we will probably hear something on this subject. He urged every one to read the Plumb Plan, as there is going to be a big fight on that Plan.

"Mr. Mayhew: I consider the stock report one of the most valuable reports published by our association, and I am only sorry that we are unable to get this report earlier, but it seems through the lack of co-operation on the part of a large

number of our members the publication of this report is delayed. We take this report when we get it and summarize comparisons. We find that stocks on hand in oak have decreased 80,000,000 feet since January 1st, and that all hardwoods have decreased 213,000,000 feet. The decrease would have been more had the same membership reported on January 1st as on July 1st. Every member ought to take this report and study it."

Jackson, Miss., 8, 15, '19 (R., Vol. I, 164):

"The following resolution was submitted and adopted:

" 'Whereas, We think that now is the opportune time to take action to see that orders are so made that they will constitute a contract between the buyer and the seller, and,

" 'Whereas, The reports of the members of the American Hardwood Manufacturers' Association indicate that they are filling orders at from ten to sixty dollars under the market,

" 'Be it resolved, That an associated effort be made at this time, so that the members will be protected against cancellations, should the market decline.' "

Little Rock, Ark., 8, 27, '19 (R., Vol. I, 167):

"Production in the Little Rock territory for the month of July was seventy-six per cent of normal, as compared with fifty per cent during the month of June. The summary indicated that the estimated production for the next sixty days would be one hundred per cent, but the members present stated that this production could not be obtained.

"The replies to question No. 8 indicated that the market will continue good for the next few months. The demand is in excess of the supply, and there is no probability of an immediate production great enough to catch up. Remarks indicate that some items could well stand a reduction in price. That 12½¢ and 15¢ per foot for 1" common quartered white oak, f. o. b. the mill, could not help but lead to substitution. It was stated that the stocks in the hands of consumers are not heavy, but inquiries are less, owing to unsatisfactory labor conditions."

Cincinnati, 9, 7, '19 (R., Vol. I, 168):

"Mr. Babcock stated that it would have very much to do with getting better prices if members could know actual stocks on hand as quickly as possible. He referred to the habit some of the members get into of taking orders for the higher grades and neglecting the lower grades. That any abnormal stocks that do exist are our own fault, and we should encourage our customers to use the lower grades when other grades are not available.

"Mr. Nigh stated that a railroad inspector told him that they had bought a lot of lumber from small portable mills, but the stock was not coming in in a satisfactory manner. The policy of the Railroad Administration has the appearance of an organized effort to beat down the price.

"Mr. Mowbray stated that he had changed his mind about the market as within the past two weeks he had been getting a lot of orders at the top market prices. He had thought that the demand would fall off when the export demand stopped but the domestic demand seems to be taking up all the slack.

"At this point the meeting was turned over to Mr. McCracken for the discussion of the special subject of 'Sales Policy.'

"Mr. McCracken in opening the discussion said, 'Sales Policy is a broad subject, but a very timely one for discussion. It is probably true that we do not need as much information as in normal times, as today we can sit still and let our customers come to us. There are several fundamentals to be considered in determining a Sales Policy. First; Terms of sale. We are getting a little lax in this matter of terms. It is my hobby to sell lumber with no cash discount—but one firm can't put this into effect. Second; Sales Policy must naturally be somewhat different in different sections. We should study the needs of our customers—not try to sell them what the mills produce—we have found that when some grades of lumber are not to be had we can sell our customers something else if we try. I agree that it is hard work sometimes to get customers to accept substitutes. I always try to keep sold up on odds and ends. I study the needs of my customers, and endeavor to instill the same policy in salesmen on the road. Third; Manner of handling salesmen. It is pretty hard to hold

down salesmen, as a rule all they look at is orders, paying no attention to credits, or whether the customer has a habit of complaining, etc. I have one customer to whom I ship at prevailing market prices with never a kick—while right across the track from him I have another customer who kicks on every car—so I say knowing your customers and their habits is one important phase of Sales Policy. Fourth; the operating and selling departments should work closer together. The operator cuts production cost 10¢ per thousand, while I might cut price $2.00.'

"Mr. Babcock: All high grades are scarce—all manufacturers realize that it costs as much to handle the low grades as it does to handle the high grades. Salesmen working on a bonus plan naturally want to sell the higher grades, but any salesman who is looking out for the interests of the firm that he is representing will help to move the lower grades, even though his compensation be very much less. In our case we reward salesmen who do this. We have started the plan of having our salesmen come to the office and discuss just such questions as this. The real salesman is the man who is always trying to sell the undesirable items.

"Mr. Mowbray: The best thing that Mr. McCracken has said was about the customer who lets him ship at prevailing prices—I want to know how he does it. We have one man whom we keep to sell our odds and ends. The salesman who today sells nothing but the higher grades on a commission of three, four or five per cent is getting an awful salary for selling your lumber.

"Mr. Pryor: Our Sales Policy is about the same as has been stated here. All but one of our salesmen are on a salary basis. We keep our salesmen advised daily of items taken off list. We tell them of stock we are anxious to move. We offer bonuses on special items, for instance at this time on low grades. We limit salesmen to sales of certain items. We like a lot of accounts, because we don't want all our eggs in one basket. We place credit limits on our customers—don't like to pile up too much lumber in one account. Our idea is to get so much business monthly, and beyond that we consider it poor business. On salesmen sending in too many orders we call a halt. We coach our salesmen and have regular salesmen's meetings.

"Mr. McIlvain: We buy a great deal more lumber than we manufacture. We find often in buying lumber from salesmen that they do not know their business, and as a consequence we are able to put in specifications which are to our material advantage. Believe salesmen should know their business and their product and should work under instructions always. Was on a yard in West Virginia some time ago and the mill man could not see the intrinsic value of different lots of lumber caused by difference in width, texture and grade.

"Mr. Sale: I try to make my money out of the odds and ends. Watching this part of your business will make you a lot of money.

"Mr. Rose: I have been in business for over forty years, and never had a salesman in my life. If mills will make good lumber, they can always sell it.

"Mr. Mayhew: The association has always stayed away from anything that might be considered as an agreement or of fixing prices, but I wish to say that I think we ought not to try to get the highest prices we can—be reasonable and discourage further advances in price, except possibly on the lower grades, which are not as yet bringing cost. Whenever we get the feeling on the part of the consumers that we are holding them up, we get an undesirable feeling on their part. On the other hand, if we can convince the customers that we are not trying to squeeze the last nickel out of them, we have gone a long way toward establishing that feeling of good will which should exist between the buyer and the seller. It is going to be better for us (don't believe in making any sacrifice) in the wind up if we can show that we have been fair.

"Mr. Robinson: We should consider what Mr. Mayhew has said very carefully. I have heard a number of others say the same thing. Fault can be found with any industry if they look for it. The price of f. a. s. quartered oak is high. Customers are hollering about it. Is it good business to take a chance of being criticized for the small percentage of quartered oak we get in our business? We could stand an investigation if one came, and be exonerated, but do we want it?

"Mr. Prior: Last Saturday we got an order from a good customer for a car of f. a. s. red oak at $135.00, delivered. We had a car—we booked the order and told our customer

our price was $128.00. We were satisfied with that price and did not propose to gouge a good customer because of the opportunity to do so.

"Mr. Babcock: We feel that the price of f. a. s. lumber is as high as it can healthfully go, and are content to let it ride where it is. General Boyle said recently that today the price of lumber is forty-two per cent below the price of major commodities. We ought to give our thought to elevating the value of the lower grades, not f. a. s., which is such a small per cent of our product. Get No. 2 and No. 3 common to the relative position of higher grades.

"Mr. Rose: You cannot control the law of supply and demand. As long as the public want something and want to pay for it, the law of supply and demand ought to control. Believe in putting lumber where it is needed—don't favor any combination—but the law of supply and demand will distribute lumber where it belongs. It is all right to make some concessions to the man who actually needs the lumber, but certainly not to some one to speculate with, permitting him to make the profit.

"Mr. Mayhew: I admit that the law of supply and demand will get you your prices now—the law of supply and demand today enables you to squeeze the last nickel, if you are disposed to do so, but we must look to the future, with increased production and curtailed demand such a policy will react against us. Let's be reasonable in our demands.

"Mr. Rose: I would like to know if anybody is making too much money today?"

(Mr. Rose was not a member of the association. He is a large consumer as well as producer of hardwood lumber, located at Knoxville, Tenn., who attended the meeting by invitation.)

"Mr. Mayhew: We are making a little money, not too much, but we must make the public believe that the hardwood industry has been fair—must get public opinion in our favor. If we do, it will react in our favor. Must keep up the demand for the high grades and continue our efforts to work off our low grades."

Memphis, Tenn., 9, 12, 1919 (R., Vol. I, 174):

"Replies to question No. 1 indicated that fifty per cent of the inquiries were coming from wholesalers, export and domestic, resulting in thirty-four per cent of orders; that twenty-four per cent of inquiries were coming from the furniture trade, resulting in twenty-two per cent of orders; with the balance of the inquiries and orders well distributed among the other industries. In explanation of the large percentage of inquiries coming from the wholesalers, it was stated that the wholesaler is on the ground and the consumers use him as a buying medium. He gets the inquiries and canvasses the mills and tries to locate the stocks. Some members report that they are not quoting to wholesalers at all; others sell only a portion of their stocks through the wholesalers."

Jackson, Miss., 9, 19, 1919 (R., Vol. I, 178):

"Replies to question No. 3 indicated that the mills in the Jackson territory had a production during the month of August equivalent to sixty-five per cent of normal, as compared with sixty-nine per cent during the month of July. The estimated production for September and October was seventy-one per cent of normal. The discussion which followed, however, indicated that this estimated production would not be obtained.

"The special subject of discussion for this meeting was that of 'Sales Policy,' and was at this point brought up.

"The discussion was led by Mr. J. W. Bailey. Mr. Bailey stated that manufacturers and sawmill men must be optimistic in dealing with customers. Must believe in what you are selling and that it is worth the price you are asking. It is of vital importance that you study the buyer. Don't misrepresent stock, and in all cases deliver what you sell. Cut out the man who always kicks, and take your losses on orders if the market goes against you.

"Mr. Faust stated that the wholesale buyers are, as a rule, pessimistic—they usually tell you the market is going to pot.

"Mr. Robinson stated that every contract should state the time of delivery. Should have explicit contracts, and that if manufacturers would analyze costs they would find the present prices of lumber not high.

"Mr. Stebbins: Our policy is to have one price. We do not deviate from these prices. This sometimes works a hardship on the salesman. We only accept orders for prompt shipment, except that we will take orders from box factories. We sell strictly according to the rules of the A. H. M. A., and never mix grades. We do not ship stock that is too green, or less than four months' dry. We offer a bonus to salesmen who move low grades, or items that we are long on. We will let our customers cancel a contract if they want to, unless it is specially cut stock."

Cincinnati, Ohio, 10, 7, 1919 (R., Vol. I, 183):

"The first order of business was the discussion of the forest industries questionnaire, Mr. Bell, of the W. M. Ritter Lumber Company, leading the discussion. Mr. Bell urged every member to read the primer prepared by Mr. E. T. Allen, and the address made by Mr. R. B. Goodman to the Michigan and Wisconsin Timber owners. He recited in detail the result of the several conferences at which the questionnaire was whipped into its present form, and the necessity for a questionnaire, in order that we might have full justice in the final audit of our income-tax returns. The object of the questionnaire, as stated by Mr. Bell, is to bring out data that will enable the Government to eliminate inequality and enforce uniformity in the general interest of all. The necessary information to do this was not reported, and was not required to be reported, in the income-tax returns. Hence the returns of 1916, 1917, and 1918 are yet unaudited and will not be audited until the questionnaires are in, and the data has been considered and systematized. Mr. Bell went over the important features of the questionnaire, which permits, first, a revaluation of capital invested assets as of March 1, 1913, for depletion and depreciation purposes; second, opportunity regardless of previous returns, to transfer to capital certain expenses and betterments previously charged to operations; third, establishment, retroactively and for the future, of a more correct basis for depreciation and depletion."

Jackson, Miss., 10, 17, 1919 (R., Vol. I, 190):

"The special subject for discussion at this meeting was that of "costs," Mr. C. L. Faust leading the discussion. It was found after considerable discussion, that very few of the members had come to the meeting prepared to submit cost figures. It was therefore decided that we would continue this discussion at the next meeting, and the secretary would furnish all members with blanks on which they could bring cost figures to the next meeting which would be comparable."

Memphis, Tenn., 11, 14, 1919 (R., Vol. I, 193):

"Mr. W. A. Babbitt, general secretary of the National Association of Wood Turners, addressed the meeting on the subject of the manufacture of dimension stock. Mr. Babbitt 'pointed out the importance of dimension manufacture to the hardwood industry, saying that the consumption of hardwood dimension of the smaller sizes amounted to 2,000,000,000 feet annually, and advocating the production of this class of material by millmen both as an economic proposition and from the standpoint of conservation of the country's forest resources.'

"On the motion of Mr. W. B. Cooper, duly seconded, it was resolved that the meeting suggest to the executive committee of the association the advisability of appointing a committee to work with the committees from the various consumers' associations, to the end that further consideration of stock problems be given, so that the standardization of production might be accomplished.

"Mr. David G. Whyte, of the Forest Products Laboratory, addressed the meeting briefly, endorsing the activities of Mr. Babbitt's association from the standpoint of conservation.

"Mr. Lang discussed the probability of high lumber prices driving box manufacturers to use substitutes; he brought to the attention of the meeting the fact that the use of these substitutes would not be immediately apparent, but that lumber manufacturers would find out that substitutes had been adopted when the time came to go back after the business.

"Mr. Cooper spoke about the probability of the high prices of hardwood flooring diverting the flooring business

from wood to tile; it was also brought out that the built-up panel people were substituting western woods for southern hardwoods."

Little Rock, Ark., 11, 26, 1919 (R., Vol. I, 196):

"The production report indicated that the production for the Little Rock territory for the month of October was seventy-five per cent of normal, with an estimated production of seventy-nine per cent of normal for the next sixty days. A general discussion was held regarding the effect of the recent unfavorable logging conditions. It was believed that the heavy rains would materially further retard the production of lumber for the next thirty days."

New Orleans, La., 1, 8, 1920 (R., Vol. I, 198):

"The replies to question No. 1 indicated that a very large percentage of the inquiries were coming from the wholesalers.

"Mr. Gadd asked the question why this was. Mr. Bailey said one of the reasons was that the wholesalers worked the southwestern territory harder than other territories. That very few mills in the southwestern territory have salesmen on the road, and due to the fact that the wholesalers have the inside track on the demands of the market, the producers will naturally follow the easiest way.

"Mr. Smith stated that in his opinion the reason the wholesalers were getting the business was because the furniture manufacturers, who are the largest customers, were better satisfied with the manner in which the wholesalers handled their requirements.

"Mr. Ryan stated that in his opinion the manufacturers of furniture and other consumers were going more and more to the mills for their requirements, as his company at the present time was flooded with inquiries from manufacturers and other consumers of all kinds. He stated that it was his belief that the manufacturers were finding that the wholesalers could not get the stocks that they required and for that reason were going to the mills in an effort to buy direct. He stated that the mills were sending out very few stock lists of late and thus both the manufacturer and the wholesaler were at a loss as to stocks.

"Mr. O'Shaughnessy, speaking as a wholesaler, said that the reason the furniture factories and other consumers of hardwood went to the wholesalers to supply their needs was that they could get their requirements from no one mill and so they found it to their advantage to deal with the wholesalers, who were in touch with all mills and as a rule know just what stocks the manufacturers have and where they are located.

"Mr. Stebbins, discussing the reason why the inquiries from wholesalers, and the resultant orders were larger in the Jackson and southwestern territories than in any other section of the hardwood-producing territory, said that in this territory there were many manufacturers outside of the association who received no reports as to market conditions and were therefore not in position to know the buyers among the actual consumers, and the wholesalers were virtually the only market such manufacturers were acquainted with. He then referred to the fact that another reason for a possible increase of the activities of the wholesalers in this territory was that many heretofore exclusive manufacturers of southern pine lumber had put in hardwood mills in connection with their other operations. The southern pine producer knew nothing of hardwoods in the practical sense, and as he always did business with the wholesaler in marketing his pine, it was quite natural that he would continue doing so with the wholesalers of hardwoods. This influx of southern pine manufacturers into the hardwood manufacturing field has also resulted in an increased number of wholesalers handling hardwoods, as many of the heretofore exclusive southern pine wholesalers had put in hardwood departments. This naturally added to the increase of wholesalers' inquiries and orders in all of the southern producing States. The manufacturers of southern pine do not realize the value of hardwoods, while the wholesalers do, and thus the latter found the southwestern territory a very profitable field of operation.

"Mr. Faust brought up the subject of using tractors in woods operations. He said that some are using them now and that others were watching the result with the greatest interest.

"Mr. Gadd stated that several members of the asociation had purchased Holt tractors, and that reports indicated that they were a success, especially so in wet ground.

"Mr. Lurry said that there was no question as to the success of the tractor, but that it was necessary that the roads be kept up, because the wagons used behind the tractors cut deep into the soil and soon made impassable ruts except for the tractor alone.

"Mr. Zink said that his company was investigating the use of the tractor—that a number were now in use around the swamps near Vicksburg—that they were bringing the logs out of places where oxen and wagons could not be used. He also mentioned one concern which was using a tractor to haul its lumber from the mill to the railroad.

"Mr. Ryan said that he had had a man come out to see his operation with a view of making a survey as to the possible use of a tractor.

"Mr. Adams said that he would like to hear more discussion as to the cost of cutting logs in the woods. That it was his experience that logs cost more after being scaled at the mill than the scaling in the woods showed. This was due to the difference between the two scales. He said that he had three checks, but that it was impossible to correct the errors.

"Mr. Hutchinson said that it was his experience in southern pine, by actual tests, that logs cut in the woods, scaled when cut, and then left lying in the woods for two or three weeks before being sent to the mill, would shrink from one and one-half to nearly three inches. He also stated that in his opinion hardwood logs were likely to do the same thing, and that it was possible that this was the reason for the difference in scaling.

"Mr. Townshend made a brief explanation of the reason for the present car shortage. He stated that unless something was done toward the building of new cars, the industrial life of the nation would unquestionably face the worst car shortage in 1920 that it had ever experienced. That it was virtually impossible to build enough cars to meet the needs of the day, and that unless something out of the ordinary happened the car shortage problem was bound to be a serious one every day of the present year. He stated that the movement through terminals was the slowest in the history of railroading, and that it accounted a good deal for the present problems of shippers.

"Mr. Morgan said that his company had a mill forty miles

from New Orleans and that it was taking an average of twelve days to get a car from the mill to New Orleans and through the terminals.

"Mr. Faust stated that for the last thirty days he had been flooded with night wires and day telegrams from furniture factories, seeking stocks."

Little Rock, Ark., 1, 15, 1920 (R., Vol. I, 207):

"A discussion of question No. 9 developed the information that logs banked ahead of the mill were about twenty per cent of the normal supply. Very few of the mills have any very considerable supply of logs ahead, and at this time there was no immediate prospect of improvement of the situation."

Cincinnati, Ohio, 2, 10, 1920 (R., Vol. I, 209):

"Mr. Stark stated that the increased sales to wholesalers did not mean any less price to the ultimate consumers but simply meant that the manufacturers were dividing the price with the middleman.

"Mr. Stark called attention to the fact that conditions in other territories had not improved; that throughout the South a large number of the mills were shut down on account of weather conditions, and that more would doubtless shut down by April first.

"Mr. Burns referred to the effort to stabilize prices, and stated that it was not within the power of any individual to steady the present market; that certainly prices were high enough.

"Mr. Mowbray stated that in his opinion prices were entirely too high.

"Mr. Hayhew said that admitting that prices are high, how can you stop them from going higher? He said Mr. Ritter had tried to do it at a considerable financial loss to himself.

"Mr. Stark stated that when reading the sales reports, we ought to know what the grade means, that all of the above are reported to the association as sound wormy chestnut and there is no intimation of grade mixing. The member himself knows what the grade is, but his competitors do not. My thought is to find out what grade the members make and use

this as a guide in reporting. We should make every effort to get the members to report exactly what they sell."

New Orleans, La., 2, 12, 1920 (R., Vol. I, 213):

"Mr. Patterson said that he had lately received a letter from a buyer of hickory and pecan axle stock enclosing an order for seven carloads and with no price attached. In other words, the material was to be billed out at the market price in effect when shipments were made.

"Mr. Gadd stated that the Lamb-Fish Lumber Company mill had been shut down since December 1st, that they had 8,000,000 feet of logs banked which they were unable to get on account of water, and was now engaged in constructing a railroad or tressel on top of the ground railroad which was covered by water, and that this mill would not start running before the middle of March.

"Mr. Edwards stated that the mills in the southwestern territory were going to be short of common labor as soon as the regular farming season opened.

"Mr. Welsh stated that his plant only started operating last November and that while they ought to have two million feet of lumber on sticks they only had 600,000 feet as the result of weather conditions, and had only one day's run of logs ahead at his mill.

"Mr. Edwards stated that in his opinion the demand would be unusually good until the month of May at least, and possibly all through the year. The only fear he had was that prices would go too high.

"Mr. Morgan stated that there was nowhere near enough lumber to supply the demand and would not be even if the mills were working under normal conditions."

Memphis, Tenn., 2, 17, 1920 (R., Vol. I, 217):

"Mr. Rush related his experience in the use of the caterpillar tractor, and said that he had a lot of confidence in its ability to get out logs—the only difficulty being the lack of wagons behind it.

"Mr. Martin, Mr. Frank May, Mr. Anderson, and Mr. Bonner 'reported that they had tractors and related their experiences in using same. Mr. Selby stated that Perkins Brothers were trying one very successfully.'"

Little Rock, Ark., 2, 19, 1920 (R., Vol. I, 221):

"Mr. Allport stated that, in his opinion, one of the reasons for the very large number of inquiries coming from wholesalers was because the wholesalers who had heretofore exclusively handled yellow pine were now inaugurating hardwood departments.

"Mr. Thompson called attention to the fact that certain classes of consumers had very limited stocks of dry lumber on hand, that their production was sold for months ahead and for that reason they will continuously be in the market, and with them it is not a question of price; it is where can they get the stock?

"Mr. Gadd made a brief statement in reference to the suit brought in the Federal court against the Open Competition Group. He stated that the association welcomed the most exhaustive investigation of its activities, and in particular the Open Competition Plan, that Open Competition Group, or any member thereof, or himself, had never had any understanding or agreement as to the fixing, maintaining, or enhancing of prices, the sole purpose of the group meetings being to direct the thought of the members to actual market conditions existing throughout the industry."

ATTENDANCE RECORD (STATEMENT I).

Showing by Months the Membership in Each Group and for the Combined Groups at the Date of the Monthly Group Meetings, the Attendance of Members at Group Meetings, and Per Cent of Attendance to the Total Membership of the Plan.

Territory.	1919. Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	1920. Jan.	Feb.
***Cincinnati*:**														
Membership	51	56	63	67	67	76	79	84	87	90	99	110	112	114
Attendance (firms)	10	29	17	28	27	18	18	25	24	22	15	...	28	24
Per cent attendance	20%	52%	27%	42%	40%	24%	23%	30%	28%	24%	15%	...	25%	21%
***Memphis-Little Rock*:**														
Membership	30	44	48	71	76	82	93	107	111	115	121	137	138	147
Attendance (firms)	..	..	27	31	37	38	41	43	46	44	52	...	45	64
Per cent attendance	...	..	56%	44%	49%	46%	44%	40%	41%	38%	43%	...	33%	44%
***Southwestern-Jackson*:**														
Membership	32	34	34	39	43	45	50	52	54	56	57	63	66	68
Attendance (firms)	..	20	7	19	20	6	23	14	17	16	..	..	22	21
Per cent attendance	..	59%	21%	49%	47%	14%	46%	27%	31%	29%	..	..	33%	31%
***Combined*:**														
Membership	113	134	145	177	186	203	222	243	252	261	277	310	316	329
Attendance (firms)	10	49	51	78	84	62	82	82	87	82	67	...	95	109
Per cent attendance	9%	37%	35%	44%	45%	31%	37%	34%	34%	31%	24%	...	30%	33%

Attendance Record at Group Meetings.

It will be recalled that the bill charges that oral agreements to enhance prices and curtail production were made at group meetings. The minutes kept by Mr. Gadd of these meetings disclose the names of members who attended. It is therefore interesting to ascertain how many of the members attended these group meetings and therefore had opportunity of entering into the said alleged oral agreements.

At the time the bill was filed there were 329 members of the plan. During the period of the alleged conspiracy there were held monthly group meetings in the various territories—in all there were 50 meetings. We have prepared a statement (No. I) showing the membership in each territory, the attendance at the group meetings, and the per cent of the members that attended such meetings. The statement also shows the combined membership; combined attendance and per cent of attendance.

We have also compiled a statement (No. II) showing the meetings actually attended by the members. This compilation demonstrates that out of the 329 members 120 never attended any of the meetings and 52 only attended one meeting.

These two statements follow.

ATTENDANCE RECORD (STATEMENT II).

Showing the Number of Group Meetings Attended by the Members of the Open Competition Plan. Compiled from the Minutes of Group Meetings (Kyser Exhibit 1, R., Vol. I, 92-223), and Includes All Meetings Attended by Members of the Plan.

1	attended	16	meetings
1	"	14	"
2	"	13	"
3	"	12	"
6	"	11	"
14	"	10	"
4	"	9	"
13	"	8	"
12	"	7	"
15	"	6	"
14	"	5	"
19	"	4	"
22	"	3	"
31	"	2	"
52	"	1	"
120	"	no	"
329			

Market Letters.

There were 26 of these letters distributed in connection with the sales data during the period of the alleged conspiracy. These letters were introduced by Witness Gadd as Exhibits H and I and are found attached to the fly leafs of various weekly sales reports. Of the 26 letters distributed, the Government selected and printed as a part of its case, 20. R., Vol. 1, 33 (1 letter); R., Vol. 2, 1057-1094 (19 letters). The Government has lifted from 17 of the letters, words, phrases and sentences, and has set same into the body of the bill. For the convenience of the court, here follows a brief analysis of all of these 26 letters and we have italicized those parts that are referred to in the bill. In our analysis, we have sought to properly classify under appropriate headings, statements appearing in these letters and this that the court can quite readily ascertain what the letters said on given topics.

A true appraisal of the meaning of certain phrases from these letters as appears in the bill, cannot be had without a reading of the letters as a whole. For instance, take the letter of January 25, 1919, from which the Government quotes in the bill, "Co-operation, not competition, is the life of trade" and asserts that this so-called slogan was the means of accomplishing the conspiracy, whereas the body of this letter (R., Vol. 1, 33) fully explains what was meant by the writer in the use of this language.

However, we have felt that a careful analysis of these letters under appropriate headings and without comment will serve as an aid to an understanding of the letters. In so far as the parts used by the Government in the bill are concerned, we have italicized and quoted all of such portions in our analysis. It will thus be seen, that as to the Government's theory of these letters, the analysis will furnish all the data necessary.

Open Competition Plan.

Description, Advantages and Results.

1/25/19—R., Vol. 1, p. 33. *"Co-operation, not competition, is the life of trade."* That is a modern business slogan.

"It is simply a methodical method of recording past transactions.

"Membership in the Plan is not compulsory.

2/3/19—R., Vol. 2, p. 1059. *"Open competition means not only open prices but open discussion.*

2/15/19—R., Vol. 2, p. 1061. "He profits most who serves best." That is another modern business slogan.

"The essence of open competition lies in the element of knowledge.

"It is real, true and beneficial in the proportion of its openness and frankness, its freedom from secrecy and underhand methods.

3/22/19—R., Vol. 2, p. 1066. "The prime object of the Open Competition Plan is to help trade conditions.

"The theoretical proposition at the basis of the Open Competition Plan is that, knowledge regarding prices actually made is all that is necessary to keep prices at reasonably stable and normal levels.

"The Open Competition Plan is a central clearing house for information on prices, trade statistics, and practices. By keeping all members fully and quickly informed of what others have done, the work of the Plan results in a certain uniformity of trade practice. There is no agreement to follow the practice of others, although members do naturally follow their most intelligent competitors, if they know what these competitors have been actually doing.

4/12/19—R., Vol. 2, p. 1070. "An Open Competition Plan is not an easy thing to operate successfully. On the contrary it is one of the hardest things imaginable to carry on among a body of business men who have been used to the old formula, 'Competition is the life of trade.'

"The open price does not control prices and end competition, hence men who wish to do these things are disappointed.

"Competition, blind, vicious and unreasoning, may stimu-

late trade to abnormal activity but such condition is no more sound than that medieval spirit some still cling to of taking a club and going out and knocking the other fellow and taking away his bone.

"The key-note to modern business success is mutual confidence and co-operation. Co-operative Competition, not Cut-throat Competition. Co-operation is a matter of business because it pays, because it enables you to get the best price for your product, because you come into closer personal contact with the market.

"Numerous open-price plans have been established and are in successful operation in numerous industries. Others have failed, mainly because they sought to use the plan as a cloak for price fixing.

"Co-operation will only replace undesirable competition as you develop a co-operative spirit."

Effort to Secure More General Support for Plan.

1/25/19—R., Vol. 1, p. 33. "Nothing succeeds like success, and a vigorous trade organization bespeaks the presence of successful men in the business, for the association is usually the evidence of live wires.

"The manufacturer who thinks he is beyond the reach and need of association work is reasoning without logic on his side. The probabilities are that he needs the association more than it needs him.

3/8/19—R., Vol. 2, p. 1063. "More members means more power to do more good for the industry. What have you done this year towards securing a new member? There are many manufacturers who would make desirable members of the association and who would consider it a privilege and an honor to be invited to join us. Look around to see if your neighbors are with us. If they are not, they should be.

"The stock reports of the association have become one of the most detailed and complete statistical publications issued by any association.

4/12/19—R., Vol. 2, p. 1070. "We must get together, times have changed and will change still more. Give your association a thought occasionally.

6/7/19—R., Vol. 2, p. 1080. *"The Open Competition Plan of the American Hardwood Manufacturers Association*

has arrived. It is an unqualified success and any member or any manufacturer who does not think so is simply overlooking the most important of our several association activities.

"The information contained in the Open Competition sales report has made for every member during the past thirty days a profit that will pay their association dues for the next five years.

"The best boosters of the plan are the members themselves. If you have not already told of your experience with the plan, do so at once, as it is our desire to compile the information in booklet form for distribution. It will greatly aid in our membership campaign. Tangible results are convincing always."

"Read the following excerpts from letters written by members:"

(The above quotation is, as indicated, from the letter of June 7th. This letter contained a number of excerpts from letters written by members, expressing approval of the Open Competition Plan. We will not here undertake any analysis of these excerpts, because we treat this phase of the record later on in this appendix when we analyze these letters written by the members.

Group Meetings.

2/3/19—R., Vol. 2, p. 1057. *"Under this Plan the members meet monthly at community meetings. The spirit of co-operation developed at these meetings has been of prime importance, not only in the success of the Open Competition Plan, but in the success of other association activities. Before the organization of this Plan, while some of the members knew some of the other members, in a majority of cases they were competing with each other, even when neighbors without a personal acquaintance. As a result of these meetings, these men have become very well acquainted and they have learned that they can safely depend upon their fellow manufacturers to a much greater extent than they thought would be possible without serious loss.*

3/22/19—R., Vol. 2, p. 1066. "The monthly meetings held in the various sections of the country each month have improved the human relations existing between the members before the organization of this Plan.

4/19/19—R., Vol. 2, p. 1072. "The units comprising the hardwood industry are widely scattered, and the problem has been to arrange meetings which would be well attended.

"The first step towards the development of the Open Competition Plan was to bring the units together, make them acquainted, allay their distrust, induce them to abandon the played-out policy of secrecy, agree to exchange information and to do business on a frank and straightforward basis.

"Every member should send a representative to one of these meetings. Bring along your fellow association member who is not already a member of the Plan. Also your neighboring manufacturers who are not members of the association. They will thank you for doing so after the meeting is over."

Market Conditions.

2/8/19—R., Vol. 2, p. 1060. "The readjustment of business to peace conditions is proceeding without confusion or flurry. Undoubtedly there are some rough spots ahead, but the man who keeps his courage up and his wits about him should be able to negotiate them without much difficulty.

"The matter of price is the principal point at issue between the buyer and seller. Buyers who have been looking for a downward revision of prices are going to be disappointed. The intelligent buyer is beginning to realize that the high cost of manufacturing lumber is a fact, and that present prices are justified. It is no longer merely a question of who can, or will, hold out the longest—that condition no longer exists. Buying has been resumed after a period of waiting and uncertainty, and it is confidently expected that the move in this direction will be long continued. The tendency to buy only for current needs is less apparent than at any time since the Armistice was signed.

"As to the demand for hardwoods, there is little doubt but that it has started.

3/1/19—R., Vol. 2, p. 1062. *"The report of stocks on hand sold and unsold as of February 1st, 1919, develops a situation that we believe is unparalleled in hardwood lumber industry. In no single month within our recollection has there been such a large and general decrease in stocks on hand as shown on this report.*

"On January 1st the total stock of hardwoods on hand and unsold was 550,000,000 feet, on February 1st it was 460,000,000 feet—a decrease during the month of January of 90,000,000 feet, or 16.6 per cent of the total. These figures are comparable, the result having been obtained from reports made by the same mills in each instance.

"The chief factors contributing to this situation are curtailed production and increased volume of sales.

* * * * * * *

"At this rate it will not be long before there is a famine of hardwood lumber. We hear a great deal about the waiting attitude of the buyer with the expectation of price recession, but with such conditions as are above recited, it is difficult to understand why holders of hardwood lumber need worry as to the future. The buyer may wait too long—in fact, he has waited too long, as present conditions surrounding production and stocks holds out no temptation to move stocks by means of concessions. Stocks are so low that in some cases the holders are not disposed even to offer what they have. With stocks low and ill-assorted, and with no prospect for restoring them to even last year's meager quantities, the outlook for strong prices on all hardwoods could not be better.

3/8/19—R., Vol. 2, p. 1063. The *Southern Lumberman* says, "It begins to appear that the turn has come in the hardwood market, and that from now on there will be a distinct improvement in the demand, accompanied by a strengthening of values if the law of supply and demand is permitted to take its course.

"There has of course been a long-drawn-out and desperate effort to break the hardwood market by a withdrawal of demand; but be it said to the eternal credit of the hardwood producers that they have maintained a stout heart and a stiff backbone; with the result that there has been exhibited a strength in the market which has been little short of remarkable in the face of the light demand, and the vigorous efforts which have been steadily made to hammer down prices.

"During this crisis there is no question but that the information as to production and supply which has been available to the producers through the medium of the associations has been of very marked assistance and value. If a manufacturer knows just how much of any one item there is in the

country and how much is being produced, it does not take a very keen insight into economic conditions for him to realize what is the best thing for him to do.

"For instance, at the recent meeting of the Open Competition Plan of the American Hardwood Manufacturers' Association in Memphis the fact was developed that the production of mills embraced in that group of manufacturers is at the present time only fifty-six per cent of normal; and that practically the same situation exists throughout the hardwood producing territory. It would also show that stocks at mills are only about three-quarters of normal, the number of mills having any over-supply at all being practically negligible."

(Comment.—The matter above quoted, is a quotation from a trade paper and appears in the letter as a quotation, and yet the pleader does not indicate in the bill that Mr. Gadd was distributing an editorial comment that he had literally copied. I assume of course that this omission was not designed.

3/29/19—R., Vol. 2, p. 1067. "Uncertainty regarding the effect of the effort to adjust the price of materials (Redfield Plan) has naturally caused buyers to defer purchases for the moment of everything except their pressing requirements, but manufacturers are exhibiting no uneasiness over the situation, believing that whatever readjustment is in store, will take place in orderly manner.

"Stocks show a further decrease over the previous month, with production not to exceed fifty per cent of normal. The supply of logs is the smallest known in recent years. In the Memphis territory alone it is estimated that there is a shortage of nearly 50,000,000 feet, and the mills are confronting the most serious situation in their history. What is true of that center is true to a large extent throughout the great hardwood territory. Many mills are already closed down on this account, and others have had to curtail their production considerably.

"Reliable statistics gathered by this association indicate that stocks on hand at present are only about sixty per cent of normal. Certainly consumers of hardwood have not been informed as fully with respect to this situation as they might have been. The Southern Lumberman says: 'As a matter of fact, very likely no considerable percentage of the hard-

wood producers themselves, even those who know a shortage exists, realize that this shortage is acute. Naturally the situation ought to have an important bearing on the plans of every hardwood lumberman if the facts were better understood; offers of business now at shaded prices would get scant consideration, and there would not only be no good reason to cut prices but there would be every reason why they should be held at reasonably profit-making levels.

"Everybody agrees that the future is bright for lumber and that the hardwood trade need have no misgivings as to the future. When these good times come, stocks will be found far too little to supply the demand, and it isn't possible to replenish stocks over night. Manufacturers naturally are not going to sell very far ahead at the present level of prices, as all conditions indicate a firm market for the balance of the year, with prices moving upward and with a strong demand for every foot of lumber that the mills can possibly produce.'"

4/26/19—R., Vol. 2, p. 1073.. " 'Practically every item on the list is moving except the *lower grades*, and, as the upper grades become scarcer, the demand for the lower grades must necessarily increase.

"The buyers of the country, since the armistice, have made an unexampled attack upon prices through their waiting attitude and yet price recessions have been insignificant. The reason is that we are on a new high-price level, which will be found a stubborn reality. Business men are going to find out that the clever man is not the man who waits but the one who finds out the new price facts and acts accordingly. At the present time there is less concern over high prices than there is in regard to the stabilization of prices.

"If ever there was a time when rich rewards awaited the producer of hardwood lumber—now is that time. There are glorious opportunities ahead.

"A general survey of stock conditions as shown by the April 1, 1919, *stock report, indicates that the stock on hand, is* 110,000,000 *feet less than on hand January* 1, 1919, *which would indicate that dry stocks have been moving out rapidly.*

"Production during the month of April was a little less than 60 *per cent of normal, and the estimated production for the next sixty days is* 70 *per cent of normal, weather conditions having improved during the past month.*

"Stocks are now less than 75 per cent of normal, badly broken, and some items practically exhausted.

"We now have what is called the 'scarcity demand.' In other words the demand is far in excess of the supply. We no longer hear about the waiting attitude of the buyer with the expectation of price recession. The buyer now realizes that he has waited too long, and so great is the haste to secure requirements that orders are being placed by wire. Prices are no longer an obstacle, and the main desire of the buyer is to get the stocks. Supply and demand must necessarily govern prices. The demand is with us, the supply inadequate, therefore, values must increase, as our competition in hardwoods is only among ourselves.

5/17/19—R., Vol. 2, p. 1077. "A steady, stabilized market is safer, saner and more economical than one that goes up or down in leaps.

"The lumbermen have gone through several lean years, but we are confronted with the possibility of killing the goose that laid the golden eggs. Overproduction will spell disaster, as it should always be borne in mind that the maximum productive capacity of the sawmills of the country is much in excess of any demand the country has ever known."

"Lumber manufacturers should not overlook the fact that they are about to be confronted with a magnificent opportunity to kill a goose which is just now industriously engaged in producing golden eggs. The market is strong, particularly in the hardwood end of the business, and it is strong because of just one thing: the operation of the law of supply and demand. The buyers have found that the waiting game is a losing game, and have suddenly begun to buy the lumber they have been needing for so long. During the past year there has been comparatively little lumber produced; stocks at mills were nowhere very large; and the result was that within the twinkling of an eye, once the buying started, the demand exceeded the supply.

Within the past three weeks the hardwood market has experienced the most sudden and spectacular improvement it has known for a mighty long time. There is no more haggling over prices. The buyer's principal question these days is: Have you got the lumber and how soon can you ship it? Orders by telegraph are the usual thing. Not only is the demand extremely active, but it looks even more active on

account of the acute shortage of stocks. It has been accurately estimated that there is 110,000,000 *feet less of dry lumber in the country today than there was January* 1; *and a lot of the lumber on sticks at mills have been sold and is only waiting shipment.*

As a result of this situation, everything is looking rosy. The demand is active, prices are strengthening—what more could the lumber manufacturer want? But at the risk of being accused of being a gloom spreader, we feel constrained to offer what we consider as a timely warning. Although the country unquestionably faces an unprecedented era of prosperity, and although the demand for lumber—supported by the imminent improvement in the building situation—should continue apace, it should always be borne in mind that the maximum productive capacity of the sawmills of the country is much in excess of any demand the country has ever known.

In other words, the danger which we seek lurking in the future for the lumber industry—and a grave danger it is—is overproduction. When the demand for lumber is keen and the prices are good, it is necessarily a strong temptation to the sawmill man to put on a night shift at the mill and an extra logging crew in the woods, and keep turning out lumber twenty-four hours out of the day. The desire to cash in while the cashing in is good is natural and easy to understand; but every sawmill man who contemplates putting on a night shift should stop long enough to reflect on the past history of the lumber business. If he does indulge in such reflection, the chances are that he will reconsider any ideas he may have had along that line.

Overproduction has always been the curse of the lumber industry in America. It has caused more trouble and hardship than any other one factor. It would be criminal folly, therefore, for the lumber manufacturers to indulge themselves in any such form of commercial suicide. Most of the more progressive manufacturers these days are members of some association or associations which distribute information relative to the supply and demand; and the manufacturer who does not digest that information and profit by it is an enemy to himself and to the industry.

The lumbermen have gone through some hard sledding in the past. Now the pendulum is swinging the other way, and

it appears that they have within their grasp an era of steady prosperity for some time to come. They can either reach forward and seize their opportunity, or they can cast it aside by the policy of overproduction. Which shall it be? It's up to the sawmill men themselves to decide.'"—Southern Lumberman.

"Are we guilty? If so, the warning is timely."

5/24/19—R., Vol. 2, p. 1079. *"The manufacturers are unable to meet the demand because of the scarcity of hardwood lumber. Mill yards are practically devoid of dry stocks, while the demand continues to increase. Prices on numerous items have advanced several times during the month and are changing so frequently that it is difficult to say exactly what current prices are. Production during the month of April was sixty-five per cent of normal and a careful estimate of production for the months of May and June does not indicate any material increase during those months. Continuous and excessive rainfall throughout the entire Southern Hardwood Territory has made logging practically impossible and mills that had expected to reach a full production at an early date now find themselves without a supply of logs.*

"Stocks decreased over twelve per cent during the month of April and the decrease would have been greater if the lower grades were moving as rapidly as the upper grades, in some items of which the supply is practically exhausted.

"We face a period of unprecedented demand for our product. Stocks are small, and orders easy to secure. The tendency of the market is upward and will undoubtedly continue to advance so long as sales and production bear their present relation to each other.

6/28/19—R., Vol. 2, p. 1082. *The entire hardwood market continues exceptionally strong. As a matter of fact, we have never witnessed a time when the industry was so closely sold up as at present. Heavy buying continues and reserve stocks at the mills are exhausted. Former top prices are really nominal today. Advances are named almost daily. With cost of manufacture mounting as wages and supplies go still higher, expectations of price declines are steadily diminishing, and there is a rush to secure supplies in anticipation of additional advances.*

8/16/19—R., Vol. 2, p. 1084. "The demand for hardwoods is such at the present time that the mills can move most

any item of dry stock at their own price. The situation is simply one of supply and demand. The demand is mostly from the furniture and interior trim manufacturers, many of whom are unable to operate to capacity because of their inability to obtain necessary requirements.

"The pressure of heavy buying continues to give prices an upward tendency, but the period of rapid fluctuation appears to be about over, and the market appears to have settled down to a fairly stable basis with respect to values.

"There is some criticism by buyers of the present attitude of many of the shippers. Buyers state that while compelled to adjust their customary perspective to meet changed conditions, no one likes to be the under dog, and that while they have been compelled to accede to purchasing conditions that were contrary to all ethical business principles, the day is coming when 'the worm will turn.' There is no question but that the present situation offers far-sighted manufacturers such an opportunity as they have never before had to found a capital of good will by conducting their business in such a way that will build for them confidence and good will of the buyer. The shipper can not afford to be neglectful or indifferent to the trade which he counts as his own. We have little sympathy, however, with the buyer who, nine years out of ten, having the market in his favor, accuses the shipper of sacrificing good will for a few dollars' gain. Let the buyer put his own house in order before he cries 'wolf.' 'As ye sow, so shall ye reap.' Let the buyer stop cancelling contracts whenever the market goes against him, and he will go a long way towards establishing a spirit of co-operation and of harmony with the shipper that does not at present exist. Prosperity will come only as a result of a sane and careful adjustment of the problems of price and demands which now confront us.

It is encouraging to note that Secretary Redfield, in addressing the Chamber of Commerce of the United States recently, deplored the suspicious attitude of the public toward business, and said that the Sherman law and any other law designed to prevent the restraint of trade should not be invoked to prevent the promotion of trade by co-operative methods. Let us hope that the same light will dawn on other Government authorities and that they will realize that the Sherman law, designed to prevent the restraint of trade,

is, itself, one of the greatest restrainers of trade and that it should be repealed.

9/20/19—R., Vol. 2, p. 1087. "The agitation over the high cost of living, advancing prices of commodities and other factors of unfavorable and disturbing character, of which we have heard so much recently, have apparently not affected general business conditions.

"During the past thirty days prices on all kinds of hardwood lumber have held firm with advances on some items. During the past week orders showed a marked gain over those for the week previous. There is no let-up in the demand and all sorts of lumber are being called for, the lower grades being accepted in many cases where the best would have been preferred if it could be had.

"It has been rumored that a certain class of buyers, believing that the price of lumber was too high and that the temporary inactivity in the export market offered the opportune moment, have agreed to confine purchases to actual immediate requirements during the next sixty days. This is not going to worry the manufacturers very much, in fact, it will give them a much needed breathing spell and an opportunity to accumulate a supply of dry stocks which, in our opinion, is the same as gold dollars in the bank. How any sane set of men could arrive at such a determination is beyond explanation, with production below normal and stocks at mill unsold not to exceed a month and a half production, how can they expect their action to have any effect on this market? But lumber manufacturers are not concerned and can afford to let these buyers take all the time they want. It will probably mean a repetition of market conditions existing last spring, and the law of supply and demand will determine the price. We do not believe some of the buyers can remain out of the market two weeks, judging from the information we get concerning stocks of lumber in the hands of the consumer.

"Production of hardwoods throughout the United States for the month of August was 77 per cent of normal as compared with 71 per cent of normal in July. The estimated production for the month of August was 93 per cent, but the shortage of cars curtailed the log supply and promises to hinder the output greatly for the remainder of the year.

This is most forcibly reflected in the anticipated production during the month of September, which it is estimated will amount to 77 per cent of normal. Two and possibly four large mills in Memphis may close down indefinitely within a few days because of the low and lowering stage of Wolf River. Numerous other mills are shut down for various causes, several are closed down because of labor troubles, all of which helps to intensify the situation."

Unsold stocks at mills on September 1st were 31 per cent of normal, which is equivalent to an average of less than two months' production. We urge you to read and analyze the Stock Report for September 1st. It is the most detailed and complete statistical publication issued by any lumber association. Read the Recapitulation and Summary, and you will see that stocks in some weeks have decreased over 50 per cent since January 1st. The decrease would have been much greater if the same number of members had reported stocks on January 1st as on September 1st. This report contains information that is invaluable to all members, information that could not be purchased at any price except through the association, and information that explains why lumber prices have advanced.

Those who have been looking for lower prices overlook the very important factor that production continues below normal at a time of the year when mills should be piling up lumber if they are ever going to be able to do it; that unsold stocks at mills are 70 per cent below normal; that the industry faces a serious car shortage; that possible labor troubles may intensify the situation; that the export demand has just started, and that the railroads are not buying, although in need of material of all kinds. With these conditions prevailing, there is nothing in the situation that should encourage anyone to hope for a drop in quotations.

12/6/19—R., Vol. 2, p. 1091. "There has been no let-up in the demand for hardwoods during the past month. With the volume of trade at its highest peak of the year, the present problem seems to be that of securing sufficient stocks to meet the demand. It is a scramble for what stocks are available on the part of customers in evident disregard of prices. All thought of lumber in plenty for coming months' requirements have passed.

"The excessive rainfall in various sections of the country,

particularly the Southern States, has practically put a stop to all logging. Rainfall at Memphis and in Arkansas, Louisiana and Texas, also in Mississippi, during the months of October and November was the greatest within the history of the Weather Bureau. The woods are full of water, roads are impassable and while the mills are now manufacturing what logs they have on hand, it is predicted that a general curtailment of operations will be imperative by the first of the year and that there is little prospect of being able to replenish the supply of logs to any extent until spring. Conditions caused by the rains will not be felt to the fullest extent until after February 1.

"Hardwood stocks are pretty well cleaned up. The supply at mills of unsold stocks probably not exceeding 25 per cent of normal with production averaging about 55 per cent of normal."

Encouragement to Hardwood Lumbermen to Better Service; Greater Efficiency; Absolute Honesty in Business Dealings; Greater Appreciation of Public Interest; Greater Interest and Activity in Civic Matters of Local and National Importance.

2/15/19—R., Vol. 2, p. 1061. "The man who gives the best service, the manufacturer who makes the best lumber, achieves something. Permanent patronage and profits flow regularly in his direction.

"We often hear men say: 'What have we to gain by teaching the other fellow how to run his business?' More than one thinks, first of all the friendship of the other fellow instead of his enmity; secondly, the friendship of the other fellow's friends, and he has a lot of them; thirdly, more intelligent competition and that means dollars and cents.

"There is a reason for everything, and the reason for an association is more than good fellowship, although getting to know the other fellow is usually the first step in the direction of correcting trade abuse.

"If evil practices have got a strong hold in the section of the country where you are operating, you cannot eliminate them by adopting similar practices in the conduct of your business with the hope of teaching the other fellow a lesson,

but if you should happen to meet your competitor at an association meeting and the proposition should be discussed, merely as a matter of business policy, and everybody agrees that it was a poor game, taken from any angle, why then results would be accomplished and no bones broken in the process, either.

2/22/19—(Not printed.) "It is a fact too little realized, that a properly devised and thoroughly understood cost system is the most vital part of any effort that is made to attain operating efficiency.

3/15/19—R., Vol. 2, p. 1065. "Certainly the lumbermen have no reason for not entering heartily in this Plan. (Redfield Plan.) Perhaps there is no class of manufacturers who can better afford to lay their cards in plain sight on the table and let the Government or the public decide whether the present selling price of lumber is unreasonably high. Any publicity along this line is sure to be of benefit to the lumbermen.

3/22/19—R., Vol. 2, p. 1066. It is one thing for men in a meeting to say, one after another, "My price is so and so," with the result that after the meeting all their prices prove substantially the same as the figures mentioned.

It is quite a different thing for the same men to come to a meeting and each report "My actual sales for the past month have been so and so, and I have reported the details of each transaction to the Association."

In that statement there is no direct or implied agreement to maintain prices, no obligation of any kind to refrain from cutting.

4/5/19—R., Vol. 2, p. 1069. "Construction will provide employment for returning soldiers. Building can be done now at lower cost than seems probable later. There is every reason for building now. National and civic interest as well as personal profit, urge you to co-operate.

5/3/19—(Not printed.) "For years we have dwelt upon the need for foreign trade to stabilize our fluctuating demand and production. Our resources are so varied, our supplies of raw material so boundless, we have believed so fully in our ability to produce nearly everything that others produce, that we have given little thought to the necessity of reciprocally buying in other markets as a condition essential to the development of foreign trade.

"American-built ships for American foreign trade, freed from all burdensome restrictions, a fair world field and no favors other than those known to be absolutely essential to the reconstruction and highest possible development of our American Merchant Marine—is the crying need of the day, if the United States is ever to win its rightful place in international commerce.

5/24/19—R., Vol. 2, p. 1079. "Whatever results may follow the further working out of the problems resulting from the war, the inherent prosperity of the United States cannot be doubted. We have gone a long way forward, and we are not going to slip back to the pre-war basis. The sooner we get used to the new conditions, the sooner we can depend upon a stable prosperity.

5/31/19—(Not printed.) "The labor situation should be carefully studied by every member and they should understand that the forces now at work in this country lead irresistibly towards trade unionism.

6/14/19—(Not printed.) "Employers are doing their best to meet the patriotic demand that no soldier, sailor or marine who wants a job shall go without it; that the men who fought the country's battles shall not be made to suffer for it on their return to civil life.

6/21/19—(Not printed.) "Manufacturers have a deep interest in the daylight-saving law, which is threatened with repeal by Congress. The direct financial saving to industry is worth thinking about, and there is the proved national saving of a million tons of coal last year. But, to thousands of employers these things are secondary to the benefits which accrue to the workers from the additional hour of sunlight at the end of the day.

8/16/19—R., Vol. 2, p. 1084. "Buy Now" is the key note of the coal situation. Warnings are continually being issued by Government officials who are endeavoring to prevent suffering, such as occurred during the winters of 1917 and 1918.

September 20, 1919. 1087.—We cannot understand why shippers will persist in making consignment shipments for domestic trade or for export. Severe losses, as a rule, are sustained, and market values seriously affected. Will the people who are guilty of this harmful practice ever learn that it does not pay?

The Booster Letter File.

(R., Vol. II, 1055.)

During April and May, 1919, Mr. Gadd sent out two letters to the members, urging them to write him their impressions of the Open Competition Plan, that he might use such letters as advertising propaganda to induce those members of the American Association who were not members of the plan to affiliate.

Out of 177 then membership in the Plan 48 answered. Mr. Gadd collated from these 48 letters statements which, in his judgment, would be good advertising matter for the Plan, and published same, on June 7, in one of his so-called market letters. The Government literally quotes all of these excerpts in its bill.

As an aid to an understanding of the contents of these letters, we here submit an abridged review of the letters. In so far as the parts used by Mr. Gadd in the market letter of June 7 are concerned, we have italicized and quoted all of such portions in our abridgment.

The letters are inserted in the record, Vol. II, 1055. That the court may readily locate the letters, we give the lower court's number, which is printed in bold-face type.

1120.—"I consider reports of great help in determining the market value of hardwood lumber. * * * the Plan is a stabilizing influence, which tends to raise the prices of those who are inclined to cut their prices to the top market prices. It is obvious that no one wants to sell his lumber for less than the other fellow is actually getting, and your reports of actual sales enable the manufacturer to see what his neighbors are getting for their lumber, and through the course of education, I might say, all those who have access to your reports bring their prices to the top."

1121.—"* * * *The Plan has done more to stabilize prices than any other feature of associational work* * * *."

1122.—"Instead of apparently stabilizing the market, it has caused a run-away market. Of course, this has been helped by the fact that through the decrease of lumber production, the market has been very bare and the buying has been hurried because every time a quotation went out, it was at a higher price. * * * it certainly has posted everybody as you said it would in the beginning * * *."

1123.—"* * * the Plan in numerous instances has enabled us to secure more money for our product than we otherwise would have secured without this PLAN in operation * * *.

"The Plan is particularly of great help when we are in the midst of a rising market, as we now are in, it enabling the members to know promptly prices that are being obtained, thereby allowing them to keep pace with the rise in much better time than they otherwise could do."

1124.—"Under the old plan of every one for himself prices were not so stable and it took them longer to go up and they came down more quickly. * * * A great many millmen * * * had to guess at things. * * * The Plan brings this information to all and is a big factor in the strong tone the present market shows.

"There seems to be a friendly rivalry between members to see who can get the best prices, whereas under the old plan it was cut-throat competition. *Now it is a pleasure to sell because* WE KNOW *what we are doing and have information at our finger tips that enables us to know these things before the other fellow does.*"

1125.—"* * * we held out from the 'Open Competition' quite a long time * * * fearing that through this Plan some other member might get a customer that we thought that we had gone to a good deal of trouble to secure.

"* * * under the Plan we can take the average prices received and then go through the report and find what particular mills have shipped the stock and in that way we base our prices on prices received by mills making the same class of stock and as near as possible the same quality of stock as our own.

"If all the mills would join the Plan it would stabilize the prices.

"The prices of all kinds of lumber have been advancing so rapidly that it was hard to keep up with them even with the reports such as are sent out by your office."

1127.—"Our experience with various price-fixing plans in the early day were humiliating and costly, and for that reason we stood off from this Plan for some time, but we finally went into it; the exact date we do not remember.

"The first experience we had of the benefits were this, we had been selling quite a good deal of stock to a wholesaler whose trade was very desirable to us, he telephoned us that he was coming down to see about the purchase of a block of sound wormy chestnut, we of course made up our mind the price we expected to ask for this, and the morning he came we received the first report of the Open Competition Plan giving the market prices as they do now, when this buyer came we turned to this pamphlet and put $2.00 per M more than we intended to ask, and he did not exchange a word but took the stock, the sight of the pamphlet was all the argument he wanted."

1128.—*"The very first report which we received under this Plan enabled us to increase our price $6.00 per thousand on a special item in oak."*

1129.—"* * * *by watching* reports of others and keep-up on the Weekly Bulletins, *we have been able to close out our dry stock at from $1.00 to $3.00 above the general quotations."*

1130.—"We have found these meetings of very great benefit in keeping in touch with the market, and these benefits are readily computable in dollars and cents.

"As a concrete illustration of this, the writer attended the meeting at Jackson on last Friday and when he went to Jackson was anxious to sell some No. 2 gum at $18.00. After the meeting the office called him over telephone, saying they had a wire inquiry for No. 2 gum and asked what price to quote customer. Acting upon information obtained at this meeting, he advised the office to quote $20.00 and received an order for 100,000 feet on this basis. If no other benefits were derived from this meeting the trip was worth exactly $200.00 to us. I was also under the impression

that $60.00 was a good price for F. A. S. plain oak, but after the meeting I quoted on an inquiry for this and raised my price $7.00 and received the order."

"* * * These are exceptional instances, but when the market is in its present state it is hard to overestimate the value of getting together with your neighbors and discussing in the free atmosphere existing, the market conditions and other problems confronting the lumberman today."

1131.—"* * * the most direct benefit your price plan has given our company, was *at a recent Memphis meeting, when it developed our company was carrying an unusually large stock, in thoroughly dry red gum, and seemed to be the only one, among those present, who had it,* other firms having moved out their stock. *Within two weeks from the date of this meeting, where it developed there was a big shortage of red gum items, we found a most unusual demand, at prices we had not hoped for.*

"This information enabled us to obtain business for these items that brought us returns over and above our anticipations, probably five to ten times more than our annual dues.

1132.—"We examined the stock list carefully and found qtd. white oak strips in the hands of manufacturers to be less than normal and therefore, continued quoting on inquiries the price which we had set on them as the price at which we would make a profit on these strips. This price was in excess of the reported going price in the Open Competition Plan, but we were quite satisfied that before sufficient additional production could be put upon the market that the price would come to approximately our price on the stock.

"This arrived today as evidenced by the duplicate of our shipping order mailed you.

"In conversation with another manufacturer who is not a member of the association, we learned that he disposed of all his strips on this same date at $5.00 less per thousand than we had obtained for ours."

1134.—"* * * *since we have become members, we have been selling our lumber at several dollars per M more than formerly* * * *."

1135.—"* * * the Plan has been a great benefit to us in the way of keeping posted on prices.

"A concern like ours, who have no men on the road, is benefited more by this than concerns who are represented by salesmen in the various consuming districts.

"*We believe that we have profited from* $500.00 *to* $1,000.00 *in the past* 30 *days by being informed correctly relative to the prices stock is really being sold at.*"

1136.—"* * * prior to the beginning of the Plan we did quite a bit of wholesaling and was able to buy lumber from our friends and make from $1.00 to $5.00 per M and now since the Plan has come into existence our friends are able to get practically as much for their lumber as we are for ours.

"* * * by being able to keep posted we feel that we are able to get enough additional money over former prices for our stock that we can afford to cut out our wholesaling * * *."

1137.—"* * * *we find the Weekly Report of Sales a very positive index of the trend of the market on all grades of lumber,* * * * the information we get from these reports enables us to market our lumber at better values than we could secure without such information."

1138.—"* * * from my experience as a small manufacturer, this is one of the most important services the association has given me.

"Before becoming a member of the Plan I know I have sold a good many cars of lumber three or four dollars under the market value to wholesalers, upon which they reaped the benefit of my ignorance.

"During the past six months the wet weather has increased the cost of production so much, if I had not obtained the full market value I am sure I would have lost considerable money because the Plan has been the only way I could have been able to keep up with the market values."

1139.—"It has kept us in touch closely with the market and in many instances has made us one or more dollars per thousand feet on lumber that we have sold * * * we sincerely trust that all the members will pay close attention to the information given out from your office at Memphis and if they do this it will enable us to hold prices up to where we can make some money."

1140.—"* * * *we have been credulous about this for a long time but have decided to join and we now are convinced that it has been of great service to us, especially in the last few months where we have been kept posted about the prices, etc.*

"We know of others as well as ourselves who use the actual sales in guiding us as to prices to quote. We believe that we should get as much for our stock as any one, and we generally quote a little higher than the actual sales prices are."

1143.—"It is not only a help and a guide to the producers, but is also of benefit to buyers of stock. We have had them express their opinion to us, that they wished that every mill would work under the Plan.

"They state that prices would then be so equalized that they would know when placing orders that they had bought the stock at near the market prices and that they would not feel uneasy that some one else would be around in a few days offering stock at a much lower figure.

"In the past few weeks the price on certain items have been advancing so rapidly that even with the help of the Bulletin it has been hard for us to keep up with them."

1145.—"The greatest benefit I have derived is from the average price statement, which is really a composite of all sales and to my mind is really the market on an average run grade. The individual sales do not represent so much to me. The various inequalities existing in the grades, class of timber and the various organizations and methods of selling precludes the possibilities of reducing lumber to the narrow price range that exists in other commodities of a given grade. * * * The Open Competition Plan is unquestionably the most accurate and definite price list of lumber that can be had anywhere."

1146.—"* * * we have received more valuable information in regard to the prices being obtained for hardwood lumber from the Open Competition Plan than by any other method, * * * information which no hardwood manufacturer should be without."

1147.—"* * * the information we get through the exchange of sales prices we know is absolutely correct and we

do not have to depend upon our customers for information as to what other people in our line of business are asking for their stock, which source of information in most cases is absolutely unreliable when obtained."

1148.—"* * * it enables the members of this plan to keep in touch with each other as to the amount of stock that is available and also prices that the stock is being offered for and received by other members."

1149.—*"The feature that stands out above everything else is the fact that this market report shows the man who made the sale. The price does not mean much to us without knowing who made the sale."*

1150.—"* * * we were benefited by studying closely the report of sales made each week.

"* * * *any lumber manufacturer, who does not insist upon his sales manager using your service to fullest extent is working a hardship on the sales department, and losing money for himself."*

1151.—"* * * the plan has developed a sort of friendship among the hardwood manufacturers that did not exist before that time.

"Every time we attend one of these meetings, we derive some good from it.

"Many members of this association have told me to whom they have sold stock, and what prices they get for it. Furthermore, we manufacture woods, of which we only get small quantities during the year, possibly a carload, and we have no way of knowing what the market is for it, nor the price, nor the worth of it, and these reports give us that information quickly.

"* * * *this Plan has been worth every cent, and more than it has cost * * * and we would not be without it under any consideration."*

1152.—"* * * we have been materially benefited by having had the information before us * * *. *This is particularly advantageous to a firm who have been out of the market for some little time on account of lack of stocks, etc., and then find themselves with some lumber in shipping condition.* The first thing that we usually do, and presume

that the rest of them do, is to turn to these reports and find out what the market price is.

"* * * The seller then has some basis on which to make the price—you are dealing this way with an intelligent competitor, or dealing with a competitor who knows the market if he will take the time to refer to these reports, whereas if he doesn't he is liable to be offering his stock $5.00 below what it is actually bringing, which of course would have the effect of demoralizing the market, and if he offered it at $5.00 above what the stock is bringing on an average the other fellow of course, gets the business, and the first thing that enters the seller's mind is that there is no market or demand for that particular kind of stock; consequently he begins to tell his friends that business is very poor, and this, like some diseases, has a tendency to become contagious the more you come in contact with such cases."

1154.—"We are young in the hardwood game, but find more or less manipulation of grades, and this reduces the value of the price information, as a mill selling No. 1 oak at $25.00 at the mill may actually be receiving more money for his stock than some other mill, who has accepted an order for a national grade at $28.00."

1155.—"* * * *the manufacturer who is trying to do without the help of the association is making a wonderful mistake.* We know from the information that we get we are better able to know what our stock is worth.

"It is worth a great deal to know what other people are getting for their lumber and know that we are getting it from reliable sources instead of having to take what the buyer says about it. We believe, also, that the information in the hands of the members of the association has allowed them to hold a steady hand during these few months of uncertain conditions.

"We are now at a point where lumber is needed and we will not have to sacrifice the same as we would have had to had it been a matter of 'guess' with us."

1156.—"* * * it will create confidence in each other to the extent that the time may come when it will be possible to use the same good sense in the conduct of our business that has for many years been used so successfully in most all other large lines of endeavor.

"There has also been several times lately when the information given us has been of direct financial profit."

1157.—"In order to make it a success, all members should report so that all could have the opportunity of knowing what the other fellow is doing. When a salesman has information of that kind, it spurs him up to try to get the market price at least for his products."

1158.—"* * * we have found the plan quite advantageous in the matter of determining the tone of the market and get an approximate check on prices on different grades and woods.

"Have not been in position in the past to avail ourselves of the apparent advantages to be gained by attending the monthly meetings * * *."

1159.—"We are beginning to rely upon the information furnished in these reports to the extent that every sale is a particular incident as to securing values for our product * * *."

1160.—"* * * so far it is proving very valuable to us, and we observe very closely the information obtained therefrom. We have felt all along, however, that it would be more valuable if these reports could be received more promptly and not be out of date by the time they reach us."

1161.—"It gives us very interesting information and we feel that it is our fault that we have not received any more benefits from it."

1162.—"* * * *the open price competition is the most educating system that has ever been introduced to the lumber manufacturers and* is a system that, *in our opinion, should be used by every manufacturer in the hardwood districts.*"

1163.—"*We joined the association simply because of this feature. If it were abolished, our interest in the association would immediately cease.* On a changing market we derive a lot of valuable information. * * * we do not see how any manufacturer could possibly secure the information which he ought to have to intelligently direct his business without some such plan."

1164.—"* * * *we were a little hard to persuade to come into this Plan, now, that we are in and have seen the inside workings of it, we do not see how we could get along without it* * * * we consider the information which we get the most valuable and reliable information that comes in this office."

1166.—"The Plan appeals to us * * * not only from the satisfaction of knowing what your competitors are doing, but it puts pep in your general thoughts of the manufacturing and marking of your lumber."

1167.—"We believe it is a mighty good thing * * *."

1168.—"* * * we do not contribute much information * * *. Practically all of our lumber goes through our box factory, but we are always glad to give a complete report with full and accurate information of our transactions * * *."

1169.—"* * * it will be a big help to ourselves, and any one selling from the mill office to get these reports at the earliest possible date."

1170.—"* * * believe that it will result in a great benefit to all members."

1171.—"* * * we consider this of inestimable benefit to this company * * *."

"The main thing is promptness in getting it out. Conditions are changing very rapidly in the lumber business at present, and dispatch of this information is invaluable much more so than at times when conditions are normal."

1172.—"Unfortunately we have been so situated since we became members that we could not lend our co-operation as we would like to have done. On account of other very important matters we have not been able to attend as many of the meetings as we would like to have done * * *."

1173.—"* * * found the Plan a great benefit to us especially in attending the meetings and hearing the general market talk by the various members * * *. We have always left these meetings feeling that we did not get enough money for our lumber and that we ought to try to do better."

1174.—"* * * In looking over the reports where we saw some of the members selling stock that we thought was too cheap, it has very often helped us in buying stock to help fill some of our own orders, * * * the main benefit is in attending the meeting and hearing the different experiences of the different people who do attend * * *."

Analysis of Sales and Stock Data.

Here follows a reproduction, in photographic form, of six charts (Gadd Exhibits K 1 to K 6 as referred to, this Vol. 2 38) showing high and low prices as disclosed in the weekly sales reports for the year 1919 and months of January and February, 1920, covering one-inch No. 1 common grade in six different woods, which are typical species of hardwood.

AMERICAN HARDWOOD MANUFACTURERS ASSOCIATION
DEPARTMENT OF STATISTICS

RANGE OF PRICES

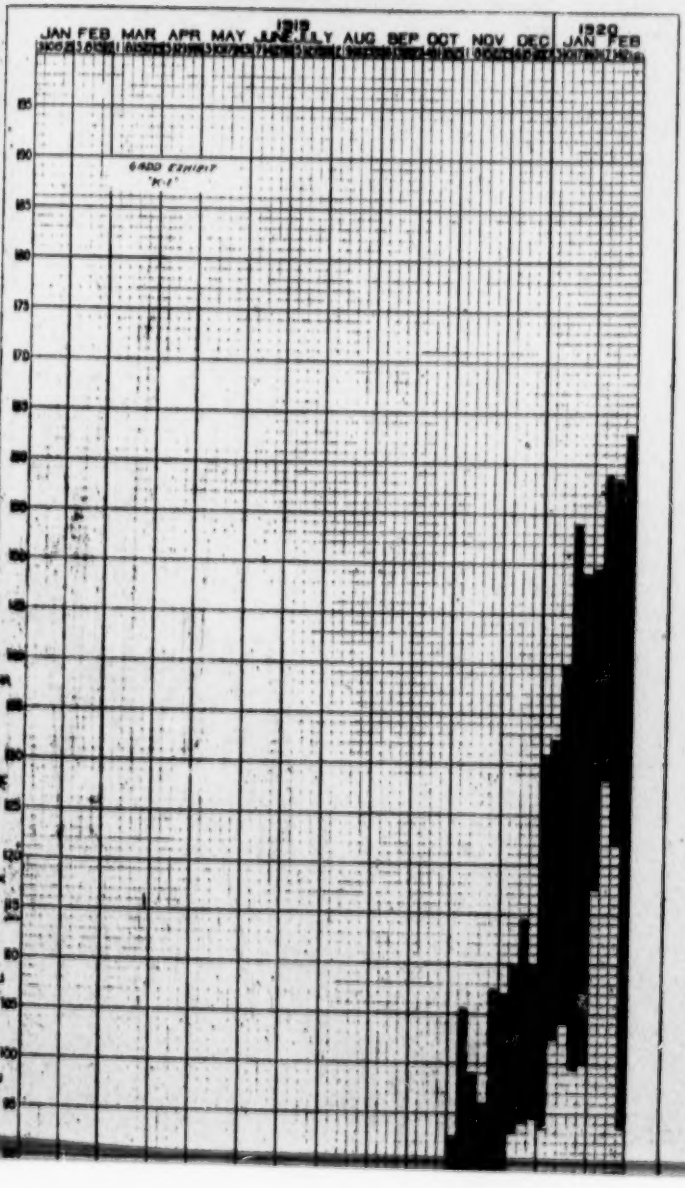
ON ONE INCH

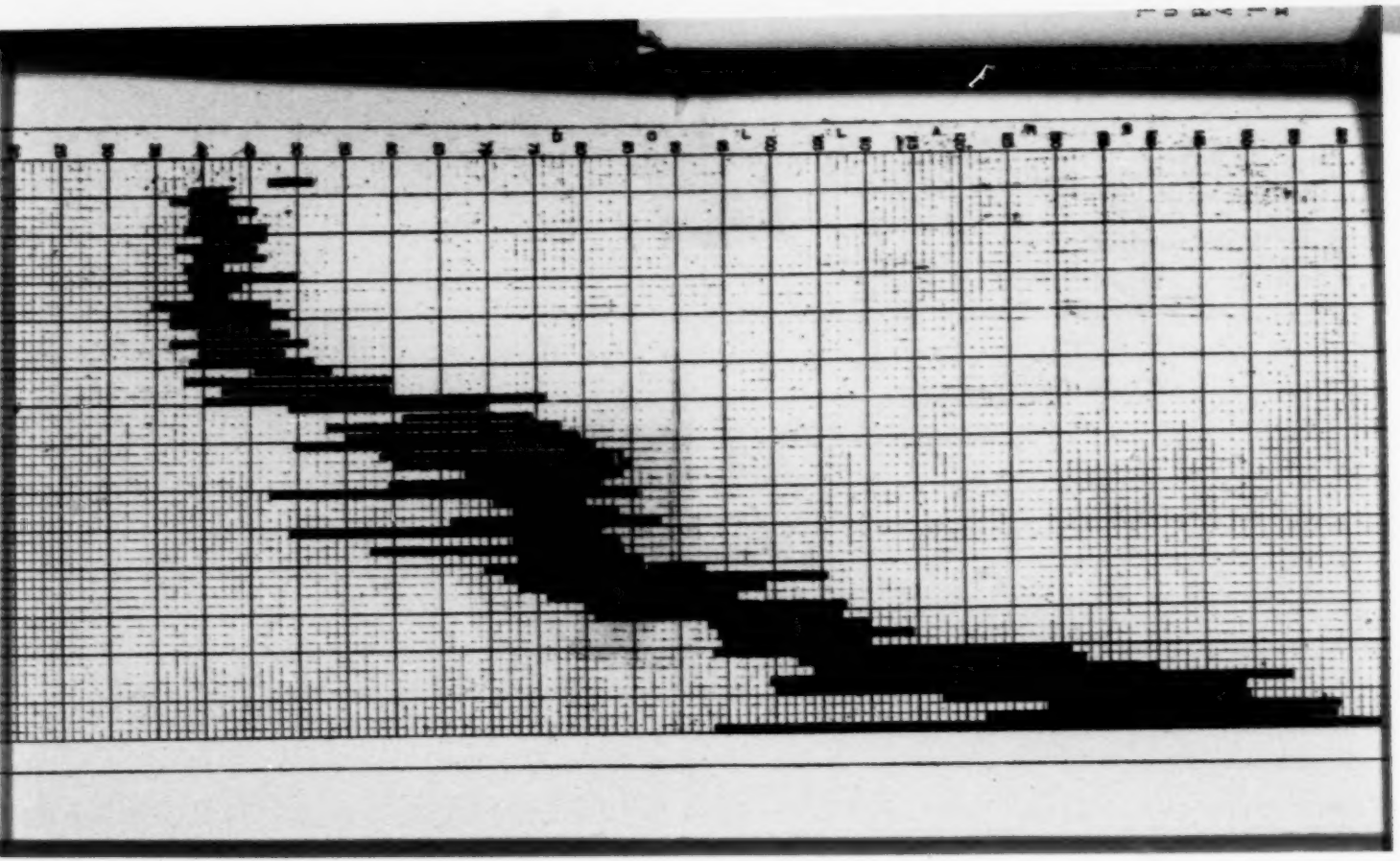
NO. 1 COMMON PLAIN WHITE OAK

COMPILED FROM

WEEKLY SALES REPORT

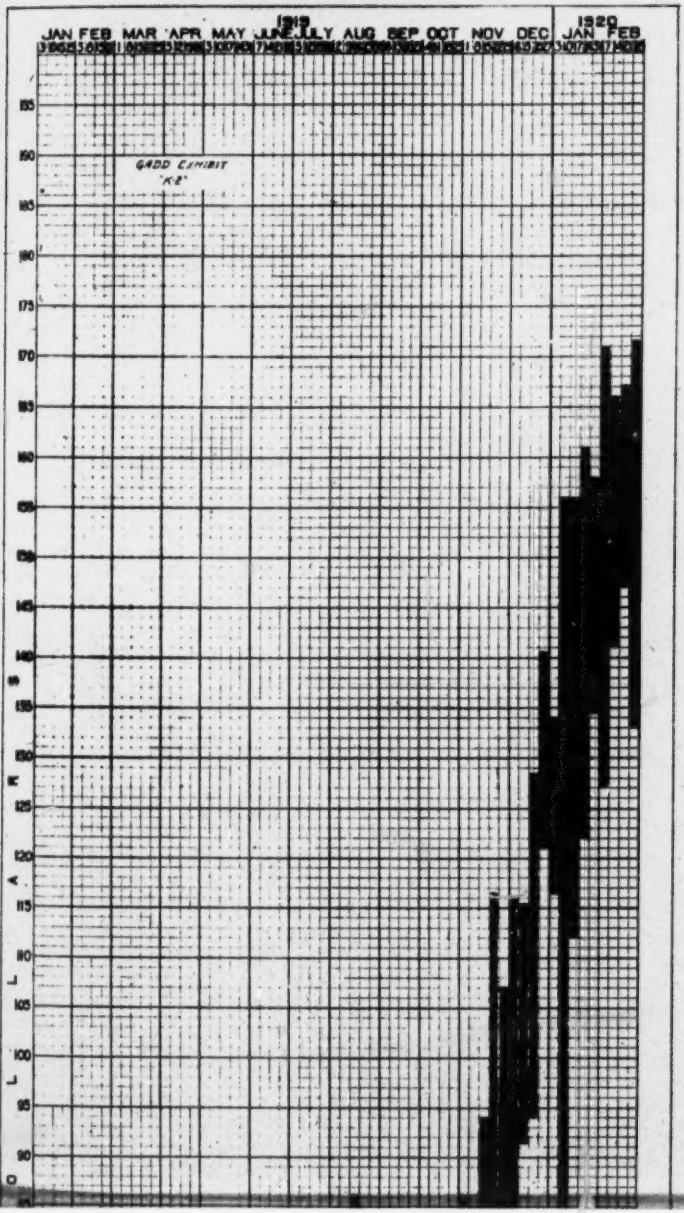
F. O. B. CAIRO

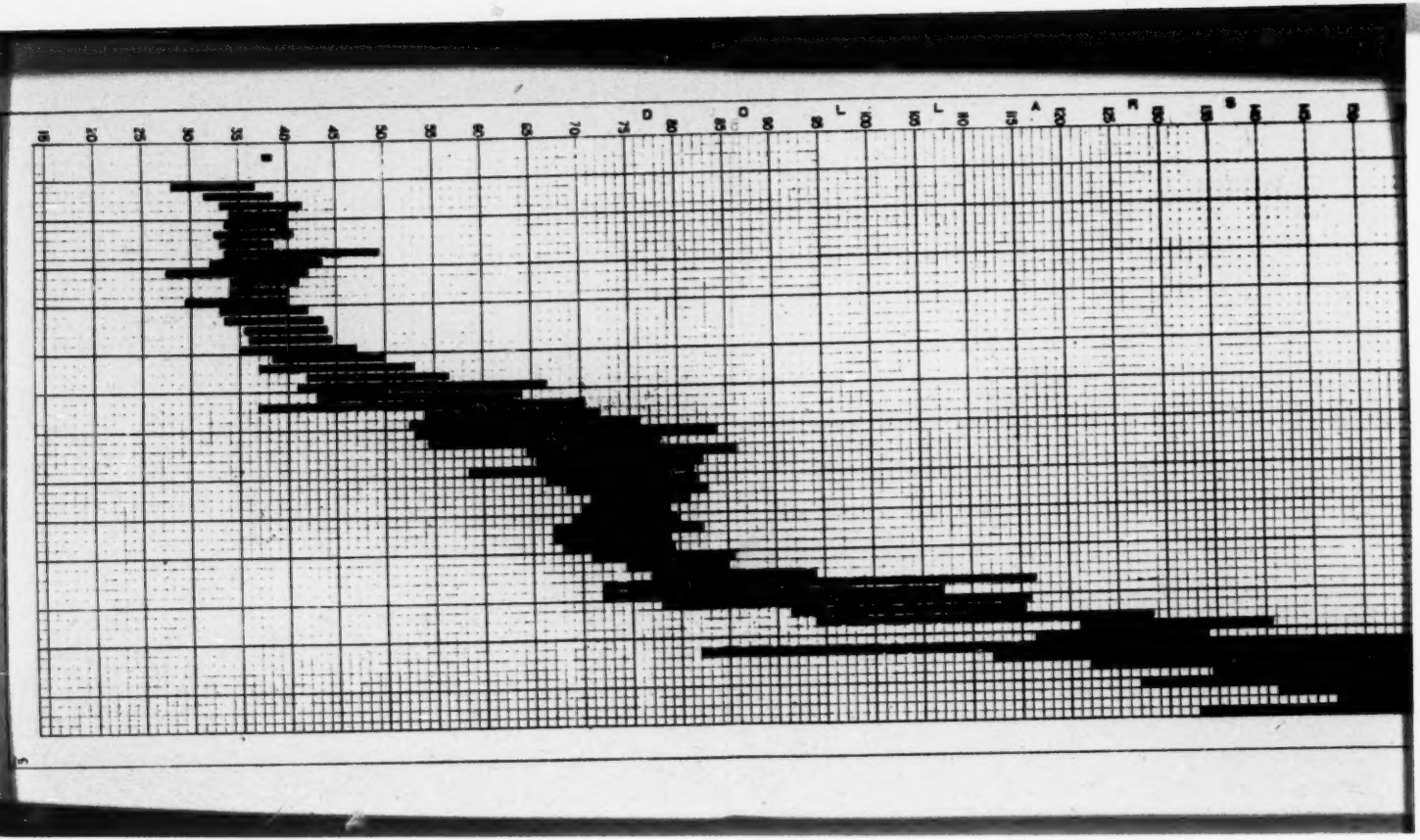




AMERICAN HARDWOOD MANUFACTURERS' ASSOCIATION
DEPARTMENT OF STATISTICS

RANGE OF PRICES
ON ONE INCH
NO. 1 COMMON PLAIN RED GUM
COMPILED FROM
WEEKLY SALES REPORT
F. O. B. CAIRO





AMERICAN HARDWOOD MANUFACTURERS ASSOCIATION

DEPARTMENT OF STATISTICS

RANGE OF PRICES

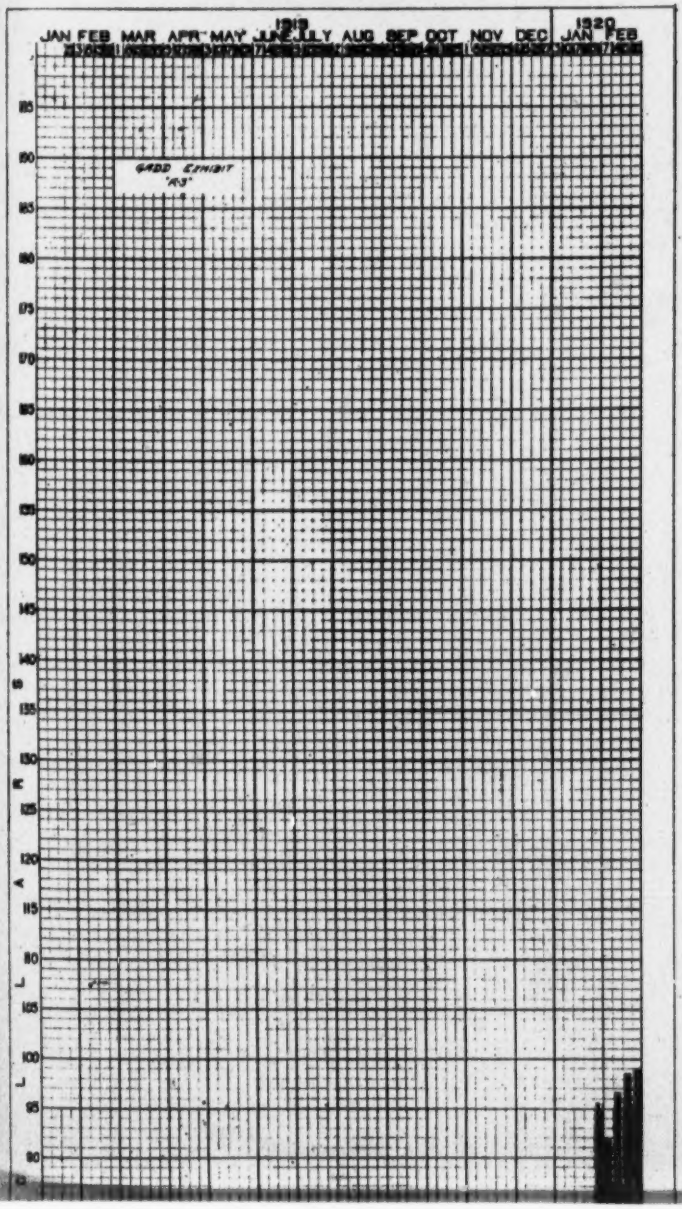
ON ONE INCH

NO. 1 COMMON SAP GUM

COMPILED FROM

WEEKLY SALES REPORT

F. O. B. CAIRO



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AMERICAN HARDWOOD MANUFACTURERS ASSOCIATION
DEPARTMENT OF STATISTICS

RANGE OF PRICES

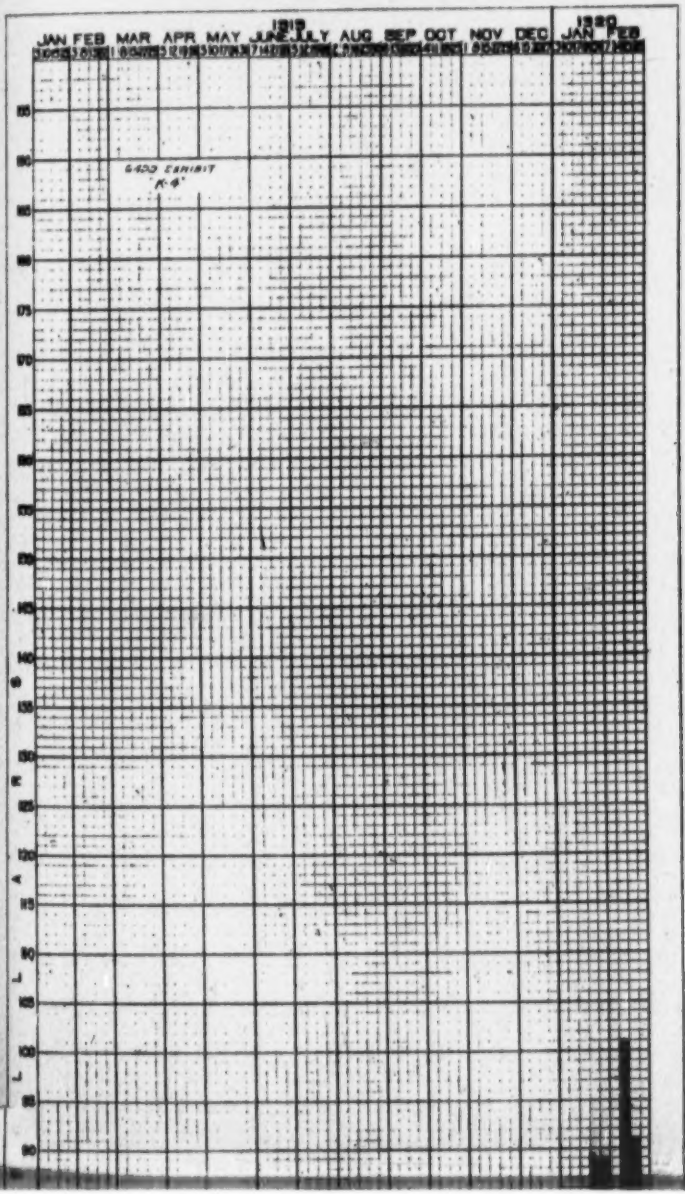
ON ONE INCH

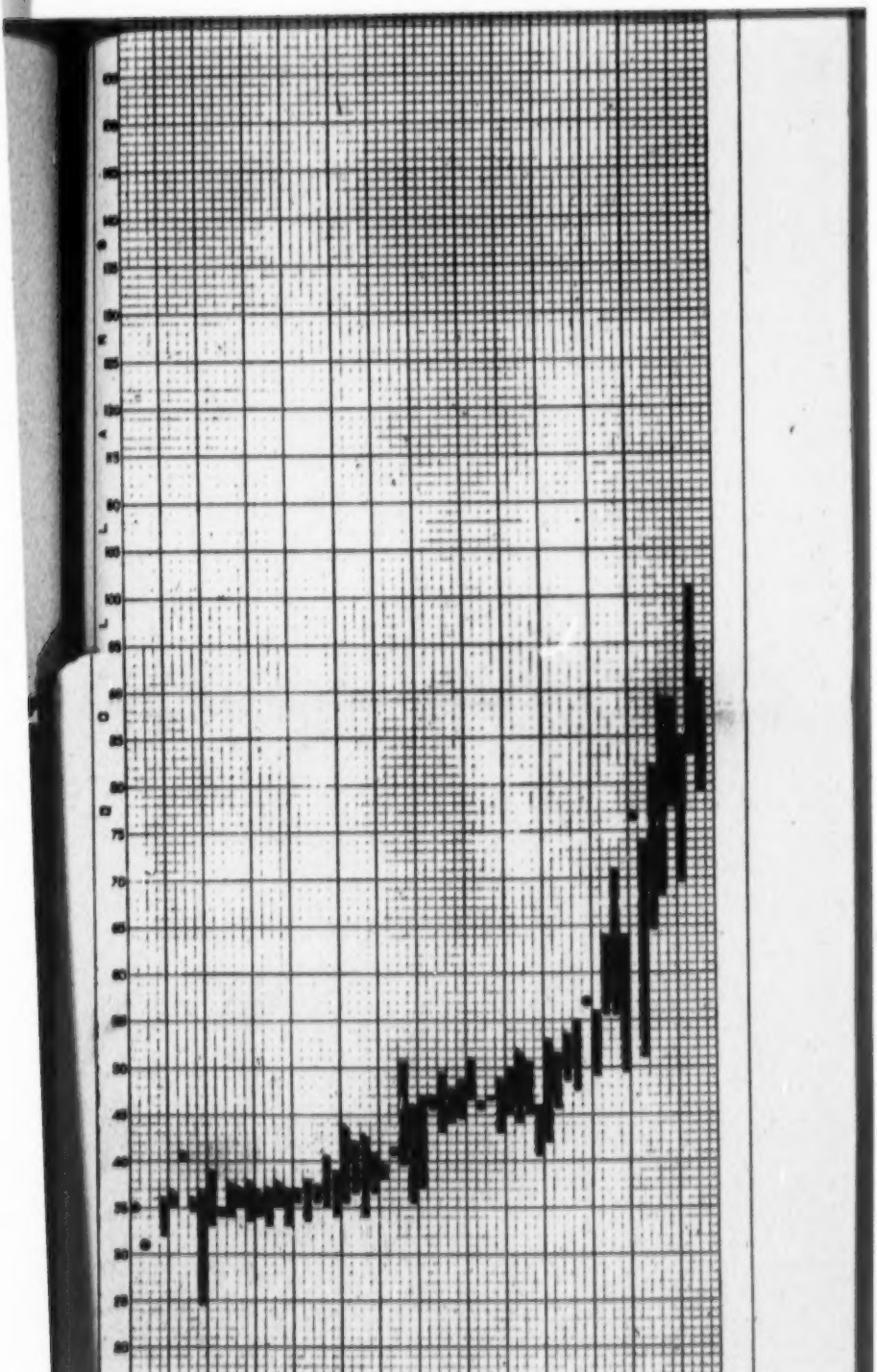
NO. 1 COMMON COTTONWOOD

COMPILED FROM

WEEKLY SALES REPORT

F. O. B. CAIRO





AMERICAN HARDWOOD MANUFACTURERS ASSOCIATION
DEPARTMENT OF STATISTICS.

RANGE OF PRICES

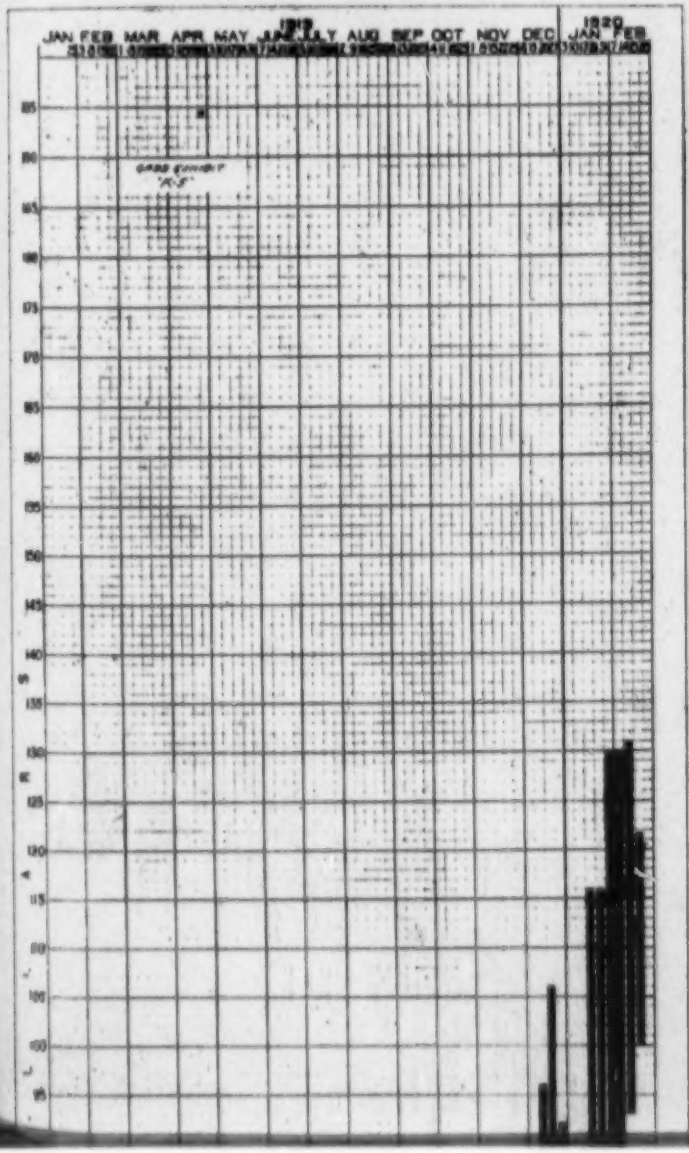
ON ONE INCH

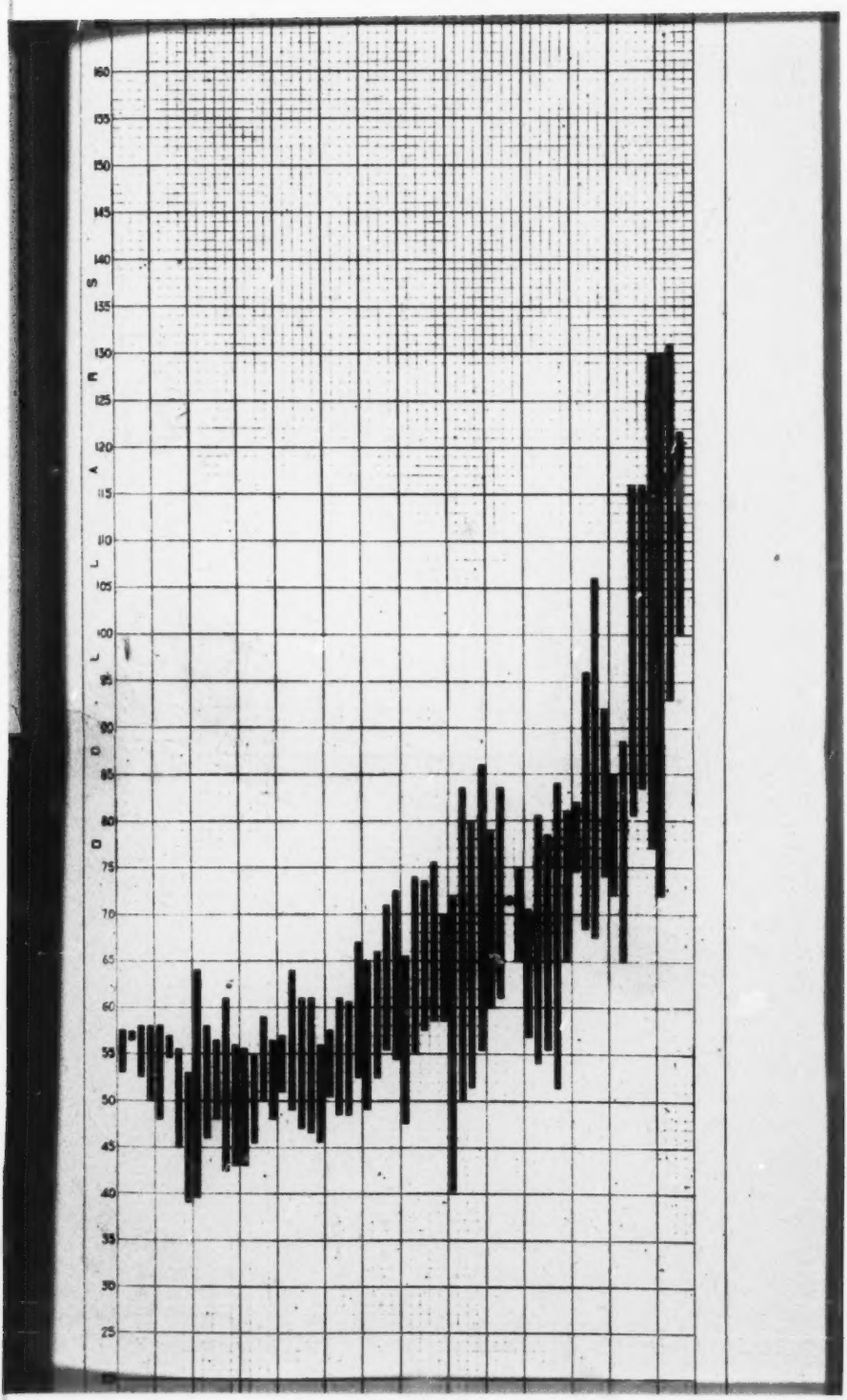
NO. 1 COMMON POPLAR

COMPILED FROM

WEEKLY SALES REPORT

F. O. B. CINCINNATI




DOLLARS
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AMERICAN HARDWOOD MANUFACTURERS ASSOCIATION
DEPARTMENT OF STATISTICS

RANGE OF PRICES

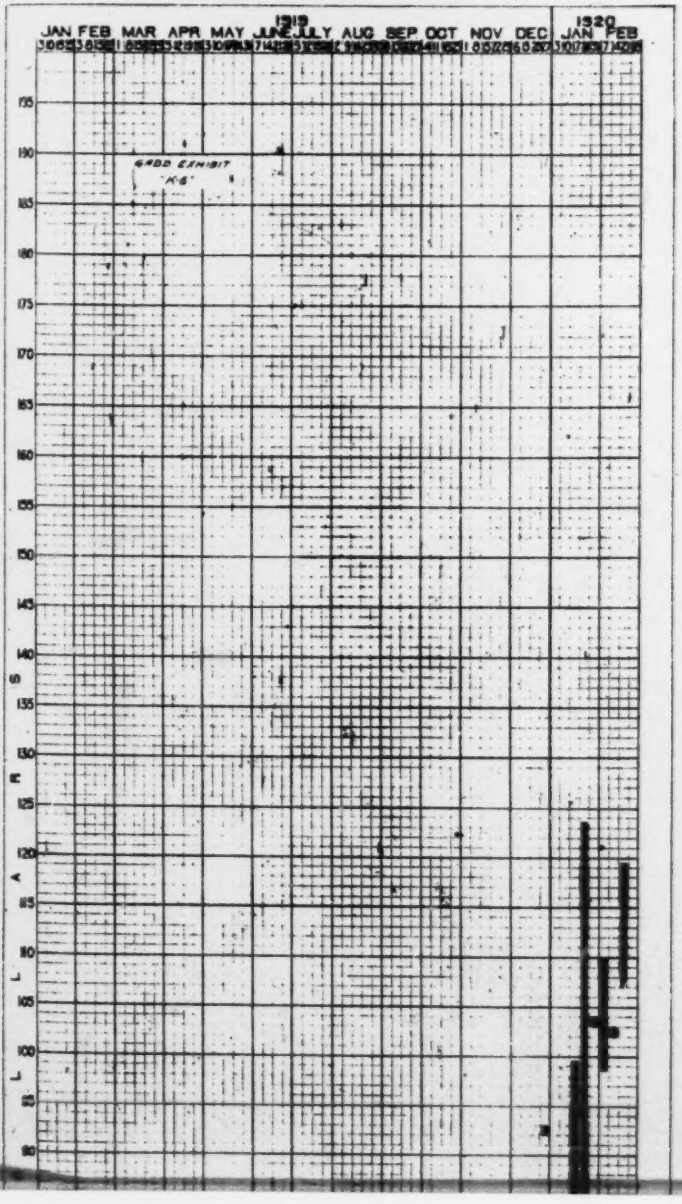
ON ONE INCH

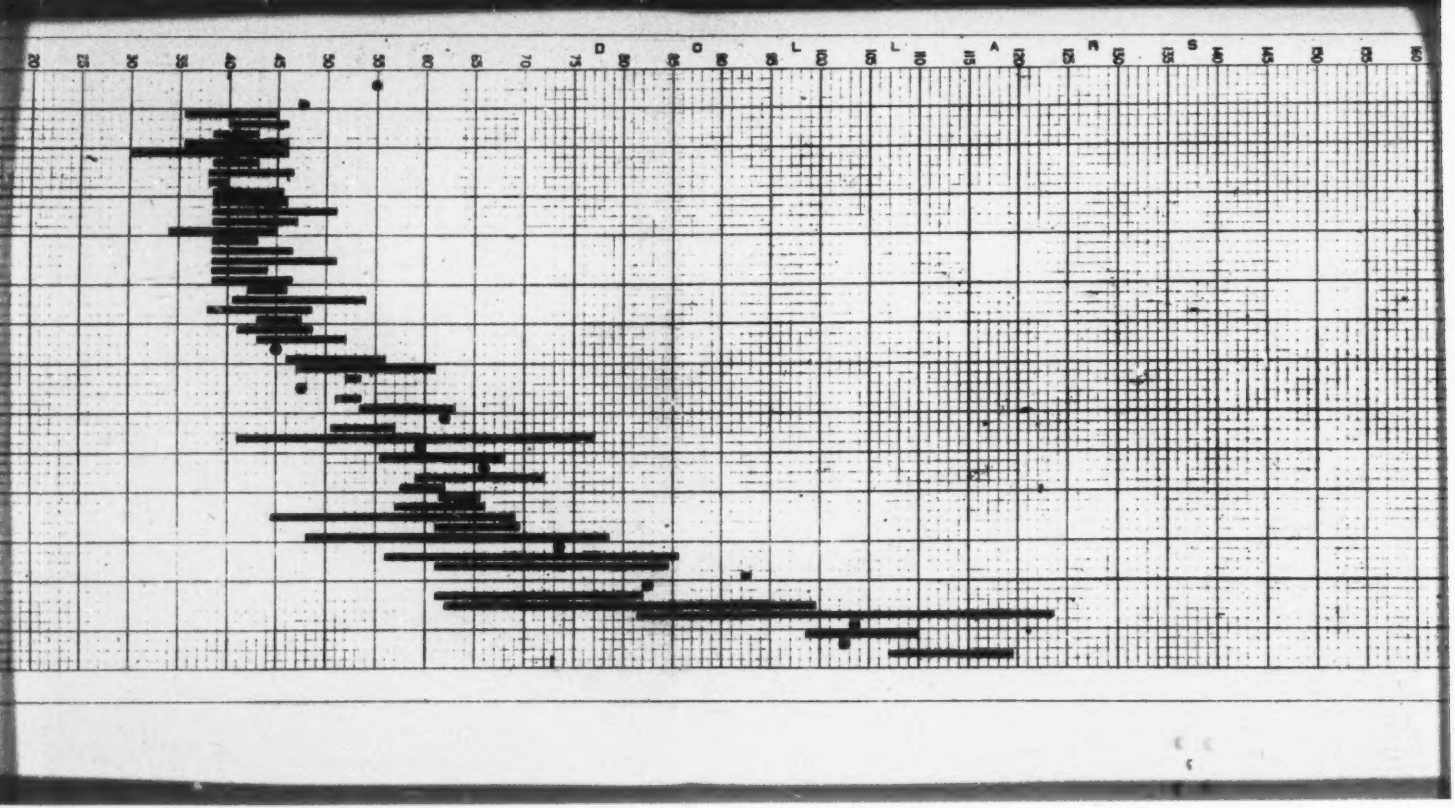
NO. 1 COMMON CHESTNUT

COMPILED FROM

WEEKLY SALES REPORT

F. O. B. CINCINNATI




DOLLARS

Here follow seven statements (as referred to, this Vol. 2 44) showing the current average sales price of one-inch lumber in the various grades of all important species.

Also the relative price computed on average price for January 25, 1919 as 100.

Absolute and Relative Prices of Basswood Lumber by Weeks, January 25, 1919-January 31, 1920.

Relative Prices Computed on Average Price for January 25, 1919, as 100.

Year and week.	Basswood.									
	Fas.		No. 1 common.		No. 2 common.		No. 3 common.		Total basswood.	
	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.
1919.										
Jan'y 25	65.75	100.	51.75	100.	40.	100.	30.	100.	48.	100.
Feb'y 3	67.50	102.7	54.75	105.8	35.25	88.	.....	.....	48.	100.
8	**64.25**	**97.7**	**48.75**	94.2	.....	.....	.....	.....	45.50	94.8
15	62.25	94.7	49.25	95.2	33.50	83.7	.....	.....	44.50	92.7
22	66.75	101.5	50.75	98.1	32.	80.	.....	.....	45.50	94.8
March 1	65.25	99.2	55.	106.3	.....	.....	27.50	91.6	46.25	96.3
8	63.50	96.6	46.75	90.3	36.25	90.6	.....	.....	44.50	92.7
15	65.	98.9	46.50	89.9	43.	107.5	.....	.....	47.	97.9
22	58.25	88.6	46.	88.9	34.75	86.9	28.	93.3	42.75	89.1
29	57.25	87.1	44.	85.	42.50	106.2	30.	100.	44.50	92.7
April 5	69.25	105.3	47.50	91.8	34.75	86.9	.....	.....	46.	95.8
12	64.	97.3	46.25	89.4	31.	77.5	33.50	111.7	43.75	91.1
19	.....	.....	45.	86.9	.....	.....	.....	.....	43.50	90.6
26	60.75	92.4	45.25	87.4	35.75	89.4	26.	86.7	43.	89.5
May 3	66.50	101.1	48.	92.8	.....	.....	29.75	99.2	45.75	95.3
10	59.25	90.1	44.	85.	34.	85.	.....	.....	42.25	88.
17	60.	91.3	45.	86.9	34.25	85.6	27.	90.	42.50	88.5
24	60.75	92.4	48.25	93.2	33.	82.5	22.50	75.	42.50	88.5
31	.....	.....	46.75	90.3	35.	87.5	26.75	89.2	43.50	90.6
June 7	64.25	97.7	47.25	91.3	35.25	88.1	28.	93.3	44.75	93.2
14	61.75	93.9	46.50	89.9	34.50	86.2	.....	.....	43.50	90.6
21	71.75	109.1	50.25	97.1	41.25	103.1	27.50	91.6	49.	102.1
28	65.75	100.	47.25	91.3	32.75	94.4	28.50	95.	45.75	95.3
July 5	66.75	101.5	52.	100.5	39.	97.5	29.	96.7	48.	100.
12	62.	94.3	49.	94.7	37.75	94.4	.....	.....	45.50	94.8
19	59.75	90.9	52.50	101.4	39.25	98.1	31.25	104.2	47.	97.9
26	63.	95.8	51.50	99.5	41.	102.5	33.50	111.7	48.25	100.5
Aug. 2	72.50	110.3	56.50	109.2	39.	97.5	28.75	95.8	50.75	105.7
9	.....	.....	55.	106.3	42.50	106.3	.....	.....	51.25	106.8
16	79.	120.2	51.25	99.	41.	102.5	33.	110.	52.	108.3
23	76.	115.6	54.50	105.3	40.75	101.9	31.50	105.	51.75	107.8
30	76.25	116.	58.75	113.5	41.50	103.8	32.25	107.5	53.50	111.5
Sept. 6	83.	126.2	57.75	115.6	39.50	98.8	.....	.....	54.25	113.
13	.....	.....	58.50	113.	39.25	98.1	30.	100.	54.	112.5
20	77.25	117.5	62.50	120.8	42.25	105.6	41.	133.3	56.50	117.7
27	79.25	120.5	56.25	108.7	43.	107.5	32.	.....	54.	112.5
Oct. 4	86.50	131.6	57.25	110.6	39.25	98.1	.....	.....	54.75	114.1
11	76.25	116.	56.25	108.7	39.25	98.1	30.75	106.7	51.75	107.8
18	81.	123.2	61.	117.9	43.75	109.4	37.50	125.	56.75	118.2
25	75.	114.1	.....	.....	39.25	98.1	38.50	128.3	54.25	113.
Nov. 1	84.75	128.9	63.	121.7	39.50	98.8	.....	.....	57.25	119.3
8	76.50	116.3	57.50	111.1	40.	100.	.....	.....	53.75	112.
15	81.75	124.3	58.25	112.6	42.25	105.6	33.25	110.8	55.	114.6
22	86.	130.8	60.50	116.9	40.50	101.3	36.	120.	56.75	118.2
29	85.	129.3	59.25	114.5	42.	105.	33.50	111.7	56.25	117.2
Dec. 6	86.25	131.2	68.75	132.8	50.	125.	32.50	108.7	61.50	128.1
13	86.	130.8	65.75	127.1	39.25	98.1	35.25	117.5	57.75	120.3
20	91.25	138.8	67.75	130.9	48.50	121.3	37.	123.3	62.75	130.7
27	91.25	138.8	68.75	132.8	.....	.....	.....	.....	63.	131.
1920.										
Jan'y 3	93.	141.4	78.50	151.7	.....	.....	38.75	129.2	66.50	138.6
10	94.75	144.1	74.75	144.4	47.50	118.8	36.	120.	65.25	135.9
17	96.50	146.8	81.75	158.	52.75	131.9	.....	.....	69.25	144.3
24	103.	156.7	82.	158.5	46.75	116.9	37.75	125.8	69.25	144.3
31	116.50	176.7	78.50	151.7	54.25	135.6	43.50	145.	74.75	155.7
	Represents 24% of total production of basswood.		Represents 29.8% of total production of basswood.		Represents 30.6% of total production of basswood.		Represents 15.6% of total production of basswood.		Represents total production of basswood.	

The absolute prices of basswood are computed on the basis of one inch lumber and on the following grade percentages:

Fas	24. %
No. 1 common	29.8
No. 2 common	30.6
No. 3 common	15.6
	100. %

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate—

How much did Fas basswood advance between January 25, 1919, and November 1, 1919?

The relative price of this item on the given date (November 1, 1919) was 128.9.

128.9 minus 100. = 28.9, the per cent Fas basswood advanced between January 25, 1919, and November 1, 1919.

Absolute and Relative Prices of Poplar Lumber by Weeks, January 25, 1919, January 31, 1920.

Relative Prices Computed on Average Price for January 25, 1919 (or First Sale Following) as 100.

Year and week.	Poplar. Fas. Absolute price.	Fas. Relative price.	Saps and selects. Absolute price.	Saps and selects. Relative price.	No. 1 common. Absolute price.	No. 1 common. Relative price.	No. 2 common. Absolute price.	No. 2 common. Relative price.	No. 3 common. Absolute price.	No. 3 common. Relative price.	Total poplar. Absolute price.	Total poplar. Relative price.
1919.												
Jan'y 25	89.75	100.	.....	.....	54.25	100.	43.00	100.	.....	.....	57.25	100.
Feb. 3	88.75	98.9	69.00	100.	53.	97.7	42.50	98.8	32.50	100.	57.	99.6
8	90.50	100.8	68.75	98.9	55.75	102.7	47.	109.3	35.75	100.	59.50	103.9
15	80.50	89.7	65.25	94.6	51.25	94.5	42.	97.7	31.50	96.9	54.75	95.6
22	82.	91.4	.....	.....	50.	92.2	39.25	91.3	33.25	102.3	54.50	95.2
March 1	82.50	91.9	65.50	94.9	49.75	91.7	43.25	100.6	33.	101.5	55.50	96.9
8	82.25	91.7	62.	89.9	54.50	100.5	48.	111.6	29.50	90.8	57.	99.6
15	88.	98.1	68.50	99.3	52.	95.9	42.25	98.3	31.75	97.7	56.75	99.1
22	88.50	98.6	69.25	100.4	51.25	94.5	42.50	98.8	32.25	99.2	57.	99.6
29	90.	100.3	65.50	94.9	50.50	93.1	43.25	100.6	33.25	102.3	56.75	99.1
April 5	88.25	98.3	69.	100.	51.25	94.5	40.25	93.6	28.50	87.7	55.50	96.9
12	90.75	101.1	68.50	99.3	52.	95.9	40.50	94.2	31.50	96.9	56.50	98.7
19	88.	98 1	68.50	99.3	54.50	100.5	41.25	95.9	31.50	96.9	57.25	100.
26	89.50	99.7	73.75	106.9	53.25	98.2	44.25	102.9	32.25	102.3	58.50	102.2
May 3	92.	102.5	67.25	97.4	52.50	96.8	45.	104.6	32.50	100.	58.	101.3
10	90.	100.3	70.75	102.5	53.75	99.1	39.	90.7	34.50	106.2	57.25	100.
17	92.	102.5	69.25	100.4	52.	95.9	42.75	99.4	31.	95.4	57.50	100.4
24	92.	102.5	72.75	105.4	53.25	98.2	44.25	102.9	32.50	100.	59.	103.1
31	92.	102.5	63.25	91.7	51.50	94.9	40.50	94.2	31.25	96.2	56.25	98.3
June 7	92.50	103.1	73.75	106.9	53.	97.7	43.50	101.2	31.50	96.9	58.75	102.6
14	94.25	105.	82.25	119.2	54.	99.5	44.75	104.1	32.75	100.8	60.75	106.1
21	96.25	107.3	78.25	113.4	55.75	102.7	42.25	98.3	32.50	100.	61.	106.6
28	94.25	105.	76.	110.1	58.50	107.8	44.	102.3	32.75	100.8	61.50	107.4
July 5	99.75	111.2	78.75	114.1	57.	105.1	41.75	97.1	34.50	106.2	62.	108.3
12	100.50	117.6	77.50	112.3	58.75	108.3	44.	102.3	33.75	103.8	63.25	110.5
19	98.25	109.5	74.25	107.6	60.	110.6	43.75	101.7	33.75	103.8	63.	110.
26	108.50	120.9	80.50	116.7	61.75	113.8	43.50	101.2	33.50	103.1	65.75	114.8
Aug. 2	101.50	113.1	83.50	121.	58.75	108.3	47.75	111.	33.75	103.7	65.25	114.
9	112.75	125.6	91.50	132.6	66.	121.6	43.25	100.6	34.50	106.2	68.75	120.1
16	112.50	125.4	88.50	128.3	63.25	116.6	45.25	105.2	35.75	110.	68.	118.8
23	107.75	120.1	91.	131.9	67.	123.5	48.50	112.8	37.	113.9	70.50	123.1
30	111.	123.7	93.75	135.9	66.25	122.1	50.75	118.	38.25	117.8	71.50	124.9
Sept. 6	112.25	125.1	86.75	125.7	65.	119.8	48.25	112.2	38.	116.9	70.	122.3
13	112.50	125.4	95.75	138.8	69.	127.2	48.75	113.4	37.75	116.1	72.25	126.2
20	114.75	127.8	90.25	130.8	66.50	122.6	49.25	114.5	37.	113.9	71.25	124.4
27	.....	.....	.....	.....	73.50	135.5	45.50	105.8	41.	126.1	73.	127.5
Oct. 4	106.25	118.4	92.	133.3	69.	127.2	49.50	115.1	37.	113.9	71.	124.
11	112.25	125.1	89.75	130.1	69.75	128.6	53.50	124.4	37.50	115.3	73.50	128.4
18	118.50	132.	97.	140.6	71.25	131.3	41.75	97.1	37.25	114.6	72.75	127.1
25	116.25	129.5	107.50	208.	69.25	127.6	49.	113.9	37.50	115.3	75.	131.
Nov. 1	114.	127.	94.50	137.	65.75	121.2	54.75	127.3	36.50	112.3	73.25	127.9
8	123.	137.1	.....	.....	69.	127.2	53.25	123.8	36.75	113.1	75.	131.
15	111.75	124.5	97.	140.6	70.25	129.5	48.	111.6	35.75	110.	73.	127.5
22	120.50	134.3	100.25	145.3	74.25	136.9	54.	125.6	37.25	114.6	77.75	135.9
29	123.25	137.3	97.75	141.7	72.50	133.6	54.75	127.3	38.50	118.5	77.75	135.9
Dec. 6	129.50	144.3	93.50	135.5	77.75	143.3	49.50	115.1	36.50	112.3	78.25	136.7
13	134.25	149.6	104.25	151.1	77.50	142.9	56.25	130.8	37.75	116.1	82.50	144.1
20	127.75	142.3	110.75	160.5	87.	160.5	53.	123.3	36.50	112.3	83.25	145.4
27	130.	144.8	103.75	150.3	91.25	168.2	56.	130.2	39.	120.	85.	148.5
1920.												
Jan'y 3	150.	167.1	104.	150.7	76.75	141.5	.....	.....	36.50	112.3	84.	146.7
10	150.25	167.4	115.75	167.7	79.75	147.	58.	134.9	41.50	127.7	87.75	153.2
17	163.	181.6	130.	188.4	93.	171.4	56.75	132.	41.	126.1	94.25	164.6
24	147.75	164.6	128.	185.5	91.75	169.1	56.75	132.	40.	123.1	91.50	159.8
31	159.	177.2	120.50	174.7	99.75	183.9	64.25	149.4	42.50	130.8	97.25	169.9
	Represents 14.8% of total production of poplar.		Represents 11.8% of total production of poplar.		Represents 24.4% of total production of poplar.		Represents 24.1% of total production of poplar.		Represents 17.4% of total production of poplar.		Represents total production of poplar.	

The absolute prices of poplar are computed on the basis of one-inch lumber and the following grade percentages:

Panel and wide No. 1	3.8 %
Fas.	14.8 %
Saps and selects	11.8
No. 1 common	24.4
No. 2 common	24.1
No. 3 common	17.4
Wide box boards	1.9
Narrow box boards	1.8
	100. %

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate:

How much did Fas. poplar advance between January 25, 1919, and September 6, 1919?

The relative price of the item on the given date (September 6, 1919) was 125.1.

125.1 means 100 = 25.1 the per cent Fas. poplar advanced between January 25, 1919, and September 6, 1919.

Absolute and Relative Prices of Chestnut Lumber by Weeks, January 25, 1919-January 31, 1920.

Relative Prices Computed on Average Price for January 25, 1919 (or First Sale Following) as 100.

		Chestnut.											
		Fas.		No. 1 common.		No. 2 common.		Sound wormy.		No. 3 common.		Total chestnut.	
		Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.
1919.													
Jan'y	25.....	56.75	100.	47.50	100.	.....	.....	36.25	100.	29.00	100.	37.50	100.
Feb'y	3.....	52.50	92.5	40.25	84.7	.....	.....	37.50	103.4	34.50	119.	37.	98.7
	8.....	56.25	99.1	42.	88.4	.....	.....	36.75	101.4	28.	96.5	36.50	97.3
	15.....	53.	93.4	41.25	86.8	.....	.....	37.25	102.8	27.50	94.8	36.	96.
	22.....	52.75	92.9	39.	82.1	.....	.....	37.75	104.1	26.	89.7	35.50	94.7
March	1.....	54.25	95.6	39.	82.1	30.	100.	38.50	106.2	24.	82.8	35.50	94.7
	8.....	54.	95.2	40.75	85.8	.....	.....	37.25	102.8	26.50	91.4	36.	96.
	15.....	53.50	94.3	42.25	88.9	30.	120.	37.25	102.8	29.25	100.9	38.25	102.
	22.....	54.25	95.6	38.25	80.5	.....	.....	34.50	95.2	22.	75.9	35.50	94.7
	29.....	54.75	96.5	41.25	86.8	.....	.....	35.25	97.2	25.	86.2	37.	98.7
April	5.....	54.25	95.6	40.50	85.3	.....	.....	37.75	104.1	26.	89.7	37.50	100.
	12.....	54.50	96.	41.75	87.8	.....	.....	38.25	105.5	24.75	85.3	37.75	100.7
	19.....	55.75	98.2	40.50	85.3	.....	.....	34.50	95.2	26.75	92.2	37.	98.7
	26.....	56.50	99.6	40.50	85.3	.....	.....	35.50	97.9	26.25	90.5	37.25	99.3
May	3.....	54.75	96.5	41.	86.3	.....	.....	35.50	97.9	24.	82.8	36.75	98.
	10.....	54.	95.2	41.25	86.8	.....	.....	35.50	97.9	25.50	87.9	37.	98.7
	17.....	55.	96.9	42.	88.4	.....	.....	34.75	95.9	29.75	102.6	37.75	100.7
	24.....	58.25	102.6	42.50	89.5	.....	.....	36.	99.3	25.25	87.1	37.75	100.7
	31.....	57.75	101.8	43.	90.5	.....	.....	36.75	101.4	26.75	92.2	38.25	102.
June	7.....	56.50	99.6	43.75	92.1	.....	.....	37.25	102.8	26.	89.7	38.25	102.
	4.....	58.25	102.6	44.25	93.2	.....	.....	36.25	100.	27.50	94.8	38.50	102.7
	21.....	57.25	100.9	45.	94.7	.....	.....	38.	104.8	27.50	94.8	39.	104.
	28.....	57.50	101.3	45.50	95.8	.....	.....	38.25	105.5	26.	89.7	39.	104.
July	5.....	59.50	104.8	45.50	95.8	.....	.....	37.50	103.4	.....	.....	39.	104.
	12.....	64.	112.8	46.50	97.9	.....	.....	39.	107.6	29.25	90.5	40.	106.7
	19.....	63.75	112.3	45.	94.7	30.50	101.7	40.	110.3	25.50	87.9	38.50	102.7
	26.....	70.	123.3	53.	111.6	30.75	102.5	39.50	108.9	.....	.....	40.50	108.
Aug.	2.....	72.50	127.8	53.50	112.6	33.50	111.7	40.75	112.4	28.25	97.4	42.50	113.3
	9.....	70.75	124.7	52.75	111.1	.....	.....	41.75	115.2	26.75	92.2	42.	112.
	16.....	77.75	137.	47.50	100.	.....	.....	39.75	109.7	30.25	104.3	41.75	111.3
	23.....	73.	128.6	52.25	110.	35.25	117.8	41.25	113.8	28.	96.5	42.75	114.
	30.....	77.	135.7	58.	122.1	33.75	112.5	43.	118.6	30.50	105.2	44.75	119.3
Sept.	6.....	81.50	143.6	61.75	130.	36.50	121.7	40.75	112.4	27.50	94.8	45.50	121.3
	13.....	78.	137.4	52.75	111.1	37.	123.3	41.75	115.2	31.50	108.6	41.50	118.7
	20.....	69.50	122.5	57.	120.	35.75	119.2	39.75	109.7	33.25	114.6	43.75	116.7
	27.....	82.25	144.9	59.50	125.3	36.	120.	37.25	102.8	33.	113.8	44.75	119.3
Oct.	4.....	80.75	142.3	61.	128.4	.....	.....	49.25	135.9	34.50	84.5	47.25	126.
	11.....	83.50	147.1	66.	138.9	.....	.....	44.25	122.1	31.25	107.8	48.	128.
	18.....	78.25	137.9	65.50	137.9	35.50	118.3	43.50	120.	30.25	104.3	46.75	124.7
	25.....	75.25	132.6	59.50	125.3	38.20	127.5	42.25	116.5	29.50	101.7	45.25	120.7
Nov.	1.....	82.50	145.4	62.75	132.1	.....	.....	43.75	120.7	28.75	99.1	47.25	126.
	8.....	80.25	141.4	62.	130.5	.....	.....	44.	121.4	29.	100.	47.	125.3
	15.....	80.	141.	59.75	125.8	39.50	131.7	46.50	128.3	29.75	102.6	47.75	127.3
	22.....	89.50	157.7	65.50	137.9	35.75	119.2	45.25	124.8	28.75	99.1	48.25	128.7
	29.....	93.	163.9	67.	141.1	40.	133.3	46.25	127.6	30.25	104.3	50.25	134.
Dec.	6.....	104.	183.3	73.25	154.2	35.	116.7	44.50	122.7	31.25	107.8	51.25	136.7
	13.....	97.25	171.4	70.50	148.4	.....	.....	48.50	133.8	36.25	125.	52.	138.7
	20.....	92.25	162.6	70.75	148.9	30.50	131.7	40.	135.2	28.75	99.1	51.75	138.
	27.....	.....	.....	92.50	194.7	.....	.....	53.25	146.9	33.25	114.6	57.50	153.3
1920.													
Jan.	3.....	.....	.....	82.50	173.7	.....	.....	48.	132.4	34.25	118.1	54.50	143.3
	10.....	82.75	145.8	73.75	155.3	.....	.....	50.	137.9	33.25	114.6	52.25	139.3
	17.....	105.75	186.3	86.50	182.1	.....	.....	50.	137.9	43.25	149.1	58.50	156.
	24.....	123.25	217.2	99.	208.4	52.	173.3	54.50	150.3	37.	127.6	66.25	176.7
	31.....	112.50	198.2	103.50	217.9	54.50	181.7	59.50	164.1	39.25	135.3	68.50	182.7
		Represents 9.9% of total production of chestnut.		Represents 18.6% of total production of chestnut.		Represents 26.9% of total production of chestnut.		Represents 29.1% of total production of chestnut.		Represents 15.5% of total production of chestnut.		Represents total production of chestnut.	

The absolute prices of chestnut are computed on the basis of one-inch lumber and the following grade percentages:

Fas	9.9%
No. 1 common	18.6
No. 2 common	26.9
Sound wormy	29.1
No. 3 common	15.5
	100. %

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate:

How much did Fas. chestnut advance between January 25, 1919, and July 5, 1919?

The relative price of this item on the given date (July 5, 1919), was 104.8.

104.8 minus 100=4.8 the per cent Fas. chestnut advanced between January 25, 1919, and July 5, 1919.

Absolute and Relative Price of Cottonwood Lumber by Weeks, January 25, 1919–January 31, 1920.

Relative Prices Computed on Average Price for January 25, 1919 (or First Sale Following) as 100.

		Cottonwood.											
		Wide box boards.		Fas.		No. 1 common.		No. 2 common.		No. 3 common.		Total cottonwood.	
Year and week.		Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.
1919.													
Jan'y	25	.....	.....	38.00	100.	34.50	100.	31.50	100.	.....	.....	37.50	100.
Feb'y	3	64.50	100.	44.50	117.1	35.75	103.6	30.50	96.8	.....	.....	39.50	105.3
	8	.....	.....	.....	.....	40.50	117.4	31.50	100.	.....	.....	41.25	110.
	15	.....	.....	44.75	117.8	35.	101.4	32.	101.6	.....	.....	39.75	106.
	22	63.50	98.5	44.50	117.1	33.25	96.4	29.50	93.6	.....	.....	38.50	102.7
March	1	65.75	101.9	42.25	111.2	35.50	102.9	31.75	100.8	.....	.....	39.25	104.7
	8	62.75	97.3	40.	105.3	34.50	100.	30.50	96.8	28.00	100.	38.	101.3
	15	.....	.....	.....	.....	35.	101.4	31.75	100.8	26.50	94.6	38.25	102.
	22	61.25	95.	42.	110.5	35.50	102.9	32.50	103.2	28.75	102.7	39.25	104.7
	29	66.75	103.5	44.75	117.8	35.50	102.9	31.25	99.2	25.75	92.	40.	106.7
April	5	.....	.....	.....	.....	35.25	102.2	31.25	99.2	.....	.....	39.75	106.
	12	65.75	101.9	43.25	113.8	35.	101.4	29.75	94.4	26.50	94.6	39.50	105.3
	19	64.25	99.6	.....	.....	36.	104.3	31.	98.4	24.75	88.4	39.75	106.
	26	65.50	101.5	41.	107.9	35.75	103.6	31.50	100.	23.25	83.	39.	104.
May	3	61.50	95.4	42.75	112.5	36.25	105.1	31.25	99.2	.....	.....	39.25	104.7
	10	66.	102.3	42.75	112.5	36.	104.3	34.	107.9	.....	.....	40.	106.7
	17	63.50	98.5	44.50	117.1	36.50	105.8	32.	101.6	26.25	93.7	40.25	107.3
	24	66.50	103.1	43.	113.2	37.25	108.	32.25	102.4	.....	.....	40.50	108.
	31	.....	.....	46.25	121.7	36.75	106.5	32.25	102.4	24.	85.7	41.	109.3
June	7	66.50	103.1	.....	.....	38.75	112.3	31.50	100.	.....	.....	41.50	110.7
	14	66.25	102.7	49.	128.9	38.75	112.3	33.75	107.1	.....	.....	42.75	114.
	21	65.75	101.9	48.25	127.	38.75	112.3	33.	104.8	.....	.....	42.25	112.7
	28	71.75	111.2	49.25	129.6	38.25	110.9	34.50	109.5	24.75	88.3	43.	114.7
July	5	.....	.....	49.25	129.6	38.75	112.3	33.	107.1	.....	.....	43.	114.7
	12	75.50	117.1	48.50	127.6	41.	118.8	32.75	104.	28.75	102.7	45.	120.
	19	72.25	112.	52.25	137.5	42.50	123.2	35.25	111.9	29.25	104.5	47.	125.3
	26	76.	117.8	54.25	142.7	40.50	117.4	34.25	108.7	29.50	105.4	46.25	123.3
Aug.	2	73.25	113.6	52.25	137.5	43.75	126.8	34.50	109.5	28.25	100.9	46.75	124.7
	9	75.	116.3	54.75	142.7	46.25	134.1	36.	114.3	28.	100.	48.50	129.3
	16	80.	124.	55.75	146.7	45.50	131.9	36.	114.3	.....	.....	48.75	130.
	23	80.25	124.4	58.75	154.6	45.75	132.6	.....	.....	.....	.....	48.	128.
	30	77.25	119.8	56.50	148.7	47.	136.2	35.25	111.9	29.25	104.5	50	133.3
Sept.	6	74.25	115.1	.....	.....	48.	139.1	38.	120.6	31.25	111.6	50	133.3
	13	82.75	128.3	55.	144.7	46.	133.3	36.75	116.7	28.50	101.8	49.50	132.
	20	79.25	122.9	58.50	153.9	46.75	135.5	37.25	118.3	29.	103.6	50.50	134.7
	27	80.50	124.8	61.25	161.2	45.25	131.2	35.75	113.5	28.75	102.7	50.75	135.3
Oct.	4	82.25	127.5	59.25	155.9	47.50	137.7	38.50	122.2	30.75	109.8	52.	138.7
	11	80.75	125.2	58.75	154.6	46.25	134.1	37.50	119.	23.25	83.	52.25	139.3
	18	84.50	131.	59.50	156.6	47.25	137.	38.	120.6	30.75	109.8	52.	138.7
	25	83.75	129.8	.....	.....	44.50	129.	39.	123.8	30.	107.1	51.	136.
Nov.	1	84.75	131.4	63.25	166.4	46.50	134.8	37.50	119.	29.	103.6	52.50	140.
	8	88.50	137.2	60.50	159.2	47.75	138.4	37.75	119.8	31.25	111.6	52.75	140.7
	15	85.50	132.6	63.25	166.4	50.50	146.4	41.	130.1	30.75	109.8	55.	146.7
	22	89.50	138.8	.....	.....	50.50	146.4	40.50	128.6	.....	.....	55.25	147.3
	29	.....	.....	68.75	180.9	56.75	164.5	42.25	134.1	50.25	108.	59.25	158.
Dec.	6	92.50	143.4	70.50	185.5	52.75	152.9	40.75	129.4	.....	.....	58.50	156.
	13	98.25	152.3	.....	.....	58.25	168.8	43.25	137.3	.....	.....	61.75	164.7
	20	100.75	156.2	74.50	196.1	62.	179.7	45.75	145.2	.....	.....	64.75	172.7
	27	.....	.....	86.75	228.3	54.50	158.	43.25	137.3	.....	.....	65.	173.3
1920.													
Jan'y	3	100.75	156.2	88.75	233.6	76.25	221.	48.25	153.2	39..	139.3	74.50	198.7
	10	122.25	189.5	95.	250.	66.50	192.8	52.25	165.8	.....	.....	76.	202.7
	17	108.50	168.2	90.	236.8	73.25	212.3	55.	174.6	39.	139.3	76.	202.7
	24	130.50	202.3	90.50	238.2	79.75	231.2	54.	171.4	33.50	119.6	80.50	214.7
	31	136.25	211.2	99.	260.5	81.50	236.2	60.	190.5	42.75	152.7	87.	232.
		Represents 7.3% of total production of cottonwood.		Represents 25.9% of total production of cottonwood.		Represents 33.5% of total production of cottonwood.		Represents 17.6% of total production of cottonwood.		Represents 7.7% of total production of cottonwood.		Represents total production of cottonwood.	

The absolute prices of cottonwood are computed on the basis of one-inch lumber and the following grade percentages:

Wide box boards	7.3 %
Narrow box boards	8.
Fas.	25.9
No. 1 common	33.5
No. 2 common	17.6
No. 3 common	7.7
	100. %

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate:

How much did Fas. cottonwood advance between January 25, 1919, and December 6, 1919?

The relative price of this item on the given date (December 6, 1919) was 185.5.

185.5 minus 100=85.5 the per cent Fas. cottonwood advanced between January 25, 1919, and December 6, 1919.

Absolute and Relative Prices of White Oak Lumber (Eastern Territory) by Weeks, January 25, 1919–January 31, 1920.

Relative Prices Computed on Average Price for January 25, 1919 (or First Sale Following) as 100.

Year and week.	Quartered white oak.						Plain white oak.													
	Fas.		No. 1 common.		Total quartered white oak.		Fas.		No. 1 common.		No. 2 common.		No. 3 common.		Sound.	Wormy.	Total plain white oak.		Total white oak.	
	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.
1919.																				
Jan'y 25	115.50	100.	.....	.....	85.50	100.	71.50	100.	48.50	100.	38.50	100.	29.	100.	39.25	100.	46.50	100.	51.00	100.
Feb'y 3	102.	88.3	69.50	100.	80.75	94.4	71.25	99.7	51.75	106.7	35.25	91.6	27.	93.1	44.50	113.4	46.75	100.5	50.75	99.5
8	101.	87.4	66.	95.	78.	91.2	68.25	95.5	50.	103.1	.....	.....	33.	113.8	37.25	94.9	46.25	99.5	50.	98.
15	106.25	92.	72.25	103.9	84.	98.3	71.25	99.7	48.75	100.5	32.75	85.1	33.	113.8	38.25	97.5	45.75	98.4	50.25	98.5
22	105.50	91.4	74.75	107.6	85.50	100.	68.75	96.2	50.50	104.1	36.75	95.5	26.25	90.5	37.75	96.2	45.75	98.4	50.50	99.
March 1	103.25	89.4	74.50	107.2	84.50	98.8	69.	96.5	46.25	95.4	40.50	105.2	31.50	108.6	36.25	92.4	46.00	98.9	50.75	99.5
8	104.25	90.3	71.	102.1	82.50	96.5	72.50	101.4	52.25	107.7	37.50	97.4	25.75	88.8	42.50	108.3	47.50	102.1	51.75	101.6
15	103.75	89.8	67.75	97.5	80.25	93.9	69.	96.5	47.25	97.4	33.50	87.	32.	110.3	38.	96.8	44.75	96.2	49.	96.1
22	115.	99.6	68.25	98.2	84.50	98.8	66.	92.3	46.75	96.4	40.25	104.5	29.	100.	38.75	98.8	45.25	97.3	50.	98.
29	97.50	84.4	71.75	103.2	81.	94.7	69.	96.5	46.50	95.9	33.25	86.4	31.50	108.6	36.75	93.7	44.25	95.2	48.75	95.6
April 5	105.25	91.1	78.50	112.2	87.75	102.6	72.75	101.7	48.	99.	35.50	92.2	27.	93.1	.....	.....	45.25	97.3	50.50	99.
12	103.25	89.4	76.	109.4	85.50	100.	72.75	101.7	48.25	99.5	34.25	89.	25.25	87.1	37.25	94.9	44.75	96.2	49.75	97.5
19	104.50	90.5	78.25	112.6	87.25	102.	72.	100.7	47.50	98.	36.50	94.8	24.	82.8	40.	101.9	45.	96.8	50.	98.
26	103.75	98.5	77.	110.8	89.75	105.	74.	103.5	49.25	101.6	37.75	98.	27.	93.1	41.25	105.1	46.75	100.5	52.	102.
May 3	83.	71.9	64.50	92.8	71.	83.1	73.	102.1	47.25	97.4	36.	93.5	25.	86.2	37.75	96.2	45.	96.8	48.	94.1
10	109.	94.4	70.25	101.	83.75	97.9	74.25	103.8	49.75	102.6	38.75	100.6	26.75	92.2	39.50	100.6	47.	101.1	51.50	101.
17	112.75	97.6	76.50	110.1	89.	104.1	75.	104.9	50.75	104.6	38.75	100.6	28.	96.6	40.	101.9	47.75	102.7	52.75	103.
24	.....	.....	79.	113.6	90.75	106.1	75.75	105.9	54.50	112.4	35.50	92.2	28.25	97.4	40.	101.9	48.50	104.3	53.75	105.4
31	120.50	104.3	84.25	121.2	96.75	113.2	82.25	115.	56.	115.5	39.25	101.9	27.25	94.	40.75	103.8	51.	109.7	56.75	107.4
June 7	110.25	95.5	82.25	118.3	92.	107.6	78.75	110.1	52.50	108.3	42.50	110.4	28.50	98.3	43.50	108.3	50.25	108.	55.25	111.3
14	.....	.....	84.25	121.2	93.25	109.	80.75	115.6	57.50	118.6	41.50	107.8	31.75	109.5	43.75	111.5	52.75	113.4	57.75	113.2
21	114.	98.7	93.	133.8	100.25	116.1	81.50	114.	53.75	110.9	37.	96.1	26.75	92.2	40.50	103.2	49.50	106.4	55.75	109.3
28	137.75	119.3	97.	139.6	111.	129.8	87.50	122.4	58.50	120.6	42.	109.1	30.50	105.2	44.25	112.7	54.25	116.7	61.25	121.
July 5	128.50	111.2	102.50	147.5	111.50	130.4	91.50	128.	69.	142.3	43.75	113.6	29.75	102.6	39.25	100.	59.	126.9	65.50	128.4
12	147.75	127.9	100.	143.9	116.50	136.2	91.50	128.	53.50	110.3	43.50	113.	25.75	88.8	41.25	105.1	52.50	112.9	60.50	118.6
19	151.50	131.2	94.75	136.3	114.50	133.9	92.50	129.4	62.25	128.4	46.75	121.4	31.75	109.5	45.50	115.9	58.	124.7	64.75	127.
26	.....	.....	114.25	164.4	124.25	145.3	97.75	136.7	69.25	142.8	46.75	121.4	27.75	95.7	43.25	110.2	60.75	130.6	69.	135.3
Aug. 2	188.	162.8	125.75	180.9	147.25	172.2	113.	158.	53.	109.3	43.25	112.3	29.25	100.9	49.	124.9	57.	122.6	68.	133.3
9	160.25	138.8	140.50	202.2	147.25	172.2	102.75	143.7	66.25	136.6	47.	122.1	33.75	116.4	48.25	122.9	61.75	132.8	72.25	141.7
16	.....	.....	.....	.....	.....	.....	114.25	159.8	78.75	162.4	50.25	130.5	32.25	111.2	48.50	123.6	69.	148.4	78.75	154.4
23	.....	.....	163.25	234.9	162.25	189.8	98.	137.1	73.75	152.1	50.25	130.5	31.75	109.5	57.75	147.2	64.75	139.2	76.75	150.5
30	207.25	179.4	145.75	209.7	167.	195.3	115.75	161.9	78.25	161.4	51.75	134.4	31.	106.9	57.	145.2	68.75	147.8	81.25	159.3
Sept. 6	.....	.....	.....	.....	.....	.....	.....	.....	79.50	163.9	52.50	136.4	34.50	119.	58.75	149.7	71.	152.7	82.75	162.3
13	211.	182.7	155.	223.	174.25	203.8	110.75	154.9	74.	152.6	54.25	140.9	34.50	119.	53.50	136.3	68.25	146.8	81.25	159.3
20	201.75	174.7	137.75	198.2	160.	187.1	102.75	143.7	73.50	153.6	51.75	134.4	34.50	119.	57.75	147.2	66.25	142.5	77.75	152.5
27	216.50	187.4	146.75	211.1	171.	200.	117.50	164.3	75.50	155.7	58.	150.6	32.75	112.9	57.50	146.5	70.75	152.1	83.	162.7
Oct. 4	230.75	199.7	154.	221.5	180.50	211.1	104.	145.4	79.50	163.9	54.75	142.2	32.50	112.1	56.75	144.6	69.	148.4	82.75	162.3
11	207.50	179.7	151.25	217.6	170.75	199.7	112.75	157.7	73.	150.5	58.	150.6	31.	106.9	57.	145.2	67.75	147.8	71.25	159.3
18	201.	174.	152.25	219.1	169.	197.6	118.50	165.7	80.75	166.5	55.25	143.5	34.25	118.1	59.	150.3	72.50	155.9	84.50	165.7
25	202.	174.9	150.75	216.9	168.50	197.1	111.75	156.3	83.75	172.7	55.50	144.1	28.50	98.3	60.75	154.8	71.75	154.3	83.50	163.7
Nov. 1	199.	172.3	153.75	221.2	169.50	198.1	120.25	168.2	84.25	173.7	58.	150.6	30.75	106.	59.50	151.6	74.25	159.7	86.00	168.6
8	216.50	187.4	156.	224.4	177.	207.	120.25	168.2	81.25	167.5	57.50	149.3	29.	100.	60.25	153.5	72.75	156.4	85.50	167.6
15	221.	191.3	150.50	216.5	175.	204.7	122.	170.6	81.50	168.1	51.75	134.4	33.50	115.5	61.75	157.3	72.50	155.9	85.	166.7
22	226.75	196.3	160.	230.2	183.	214.	123.75	173.1	83.75	172.7	59.50	154.5	32.75	112.9	59.25	151.	75.25	161.8	88.50	173.5
29	234.75	203.2	168.25	242.1	191.25	223.7	122.75	171.7	86.75	178.9	61.50	159.7	32.50	112.1	65.	165.6	77.	166.	91.	178.4
Dec. 6	251.75	217.9	164.75	237.1	194.75	227.8	131.	183.2	85.	175.3	66.75	173.4	34.	117.2	70.	178.3	79.50	171.	93.75	183.8
13	251.75	217.9	174.	250.3	201.	235.1	139.50	195.1	89.50	184.5	62.25	161.7	34.25	118.1	71.	180.9	81.75	175.8	96.25	188.7
20	254.	220.	169.50	243.9	198.75	232.5	138.	193.	102.	210.3	68.75	178.6	39.	134.5	72.50	184.7	88.50	190.3	102.	200.
27	.....	.....	177.25	255.	203.75	238.3	149.	208.4	101.75	209.8	69.	179.2	36.75	126.7	67.75	172.6	89.75	193.	103.75	203.4
1920.																				
Jan'y 3	251.25	217.5	194.	279.1	213.75	250.	130.	181.8	77.	158.8	67.	174.	42.50	146.6	.....	.....	77.75	167.2	94.50	185.3
10	265.50	229.9	187.75	270.1	214.75	251.2	150.	209.8	108.25	223.1	80.25	208.4	34.	117.2	77.75	198.1	95.25	204.8	109.75	215.2
17	277.50	240.3	189.25	272.3	219.75	257.	142.25	189.	109.50	225.8	80.50	209.1	40.75	140.5	85.	216.5	95.75	205.9	111.	217.6
24	256.75	222.2	182.50	262.6	208.25	243.6	166.75	233.2	116.75	240.7	80.	207.8	42.50	146.6	81.	206.4	102.75	221.	115.50	226.5
31	291.75	252.6	208.50	300.	237.25	277.4	171.25	239.5	120.50	248.5	78.50	203.9	42.25	145.7	94.	239.5	105.25	226.3	121.25	237.7
	Represents 4% of total production of white oak (Eastern Territory).		Represents 8.6% of total production of white oak (Eastern Territory).		Represents total production of quartered white oak (Eastern Territory).		Represents 15% of total production of white oak (Eastern Territory).		Represents 32.4% of total production of white oak (Eastern Territory).		Represents 22% of total production of white oak (Eastern Territory).		Represents 14% of total production of white oak (Eastern Territory).		Represents 4% of total production of white oak (Eastern Territory).		Represents total production of plain white oak (Eastern Territory).		Represents total production of quartered and plain white oak (Eastern Territory).	

The absolute prices of quartered and plain white oak (Eastern Territory) are computed on the basis of one inch lumber and the following grade percentages:

Quartered:		Combined.
Fas	34.6%	4. %
No. 1 common	65.4	8.6
Total	100. %	

Plain:		Combined.
Fas	17.4	15.
No. 1 common	36.9	32.4
No. 2 common	24.9	22.
No. 3 common	15.9	14.
Sound, Wormy	4.9	4.
Total	100. %	100. %

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate—

How much did Fas plain white oak advance between January 25, 1919, and January 3, 1920?

The relative price of this item on the given date (January 3, 1920) was 239.5.

239.5 minus 100 = 139.5, the per cent Fas plain white oak advanced between January 25, 1919, and January 3, 1920.

Absolute and Relative Prices of White Oak Lumber (Southern Territory) by Weeks, January 25, 1919–January 31, 1920.

Relative Prices Computed on Average Price for January 25, 1919 (or First Sale Following) as 100.

Year and week.	Quartered white oak.						Plain white oak.											
	Fas.		No. 1 common.		Total quartered white oak.		Fas.		No. 1 common.		No. 2 common.		No. 3 common.		Sound.	Wormy.	Total plain white oak.		Total white oak.	
1919.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.	Absolute price.	Relative price.
Jan'y 25	89.50	100.	68.00	100.	75.50	100.	62.75	100.	40.50	100.	31.25	100.	18.50	100.	.....	.....	38.25	100.	44.	100.
Feb'y 3	94.50	105.6	67.25	98.9	76.75	101.7	66.	105.2	38.75	95.7	29.	92.8	20.75	112.2	29.50	100.	37.75	98.7	42.50	96.6
8	116.00	129.6	74.00	108.8	88.50	117.2	69.25	110.4	41.25	101.9	.....	.....	19.	102.7	30.75	104.2	39.	101.9	45.	102.3
15	105.00	118.4	73.00	107.4	84.50	111.9	68.75	109.6	40.	98.8	29.50	94.4	23.25	125.7	30.75	104.2	39.25	102.6	44.75	101.7
22	107.25	119.8	68.75	101.1	82.	108.5	66.75	106.4	41.75	103.1	29.50	94.4	21.25	114.9	30.25	102.5	39.25	102.6	44.50	101.1
March 1	103.50	115.6	70.	102.9	81.50	107.9	67.50	107.6	42.	103.7	31.	99.2	20.25	109.5	32.50	110.2	39.75	103.9	44.75	107.7
8	99.00	110.6	69.50	102.2	79.75	105.6	66.	105.2	40.25	99.4	29.	92.8	19.75	106.8	30.75	104.2	38.25	100.	43.25	98.3
15	92.75	103.6	66.75	98.2	75.75	100.3	65.75	104.8	41.25	101.9	30.	96.	19.25	104.1	30.75	104.2	38.75	101.3	43.25	98.3
22	108.00	120.7	70.	102.9	83.25	110.3	68.25	108.8	40.75	100.6	30.25	96.8	20.75	112.2	31.50	106.8	39.25	102.6	44.50	101.1
29	110.75	123.7	71.75	105.5	85.25	112.9	70.25	111.9	42.25	104.3	30.50	97.6	22.	118.9	30.25	102.5	40.50	104.6	45.75	104.
April 5	106.75	119.2	70.50	103.7	83.	109.9	70.75	112.7	40.50	100.	29.75	95.2	21.50	116.2	32.25	109.3	39.75	103.9	45.	102.3
12	105.50	117.9	73.	107.4	84.25	111.6	66.75	106.4	40.75	100.6	29.50	94.4	20.	108.1	.....	.....	38.75	101.3	44.25	100.6
19	107.00	119.5	73.50	108.1	85.	112.6	65.25	104.	40.50	100.	28.75	92.	22.25	120.3	32.	108.5	38.50	100.7	44.25	100.6
26	108.25	120.9	75.75	111.4	87.	115.2	65.25	104.	41.50	102.5	30.	96.	20.50	110.8	32.25	109.3	39.	102.	44.75	101.7
May 3	108.00	120.7	75.25	110.7	86.50	114.6	74.75	119.1	42.75	105.5	31.	99.2	19.25	104.1	30.75	104.2	41.	107.2	46.50	105.7
10	113.75	127.1	76.75	112.9	89.50	118.5	70.50	112.3	43.75	108.	31.	99.2	19.25	104.1	31.	105.1	40.75	106.6	46.75	106.2
17	108.25	120.9	78.75	115.8	89.	117.9	71.50	113.9	44.	108.6	33.	105.6	19.50	105.4	32.75	111.	41.50	108.5	47.50	108.
24	121.75	136.	79.75	117.2	94.25	124.8	73.25	116.7	42.50	104.9	32.25	103.2	20.25	109.5	32.50	110.2	41.25	107.9	47.75	108.5
31	116.75	130.4	83.75	123.2	95.25	126.2	76.75	122.3	45.75	112.9	32.75	104.8	20.75	112.2	33.75	114.4	43.25	113.1	49.75	113.1
June 7	123.75	138.3	87.50	128.7	100.	132.5	80.75	128.7	49.	121.	32.50	104.	20.50	110.8	33.75	114.4	45.25	118.3	51.75	117.6
14	105.25	117.6	91.25	134.1	96.	127.2	83.	132.3	47.50	117.3	34.50	110.4	22.50	121.6	33.	111.9	45.75	119.6	52.	118.2
21	142.00	158.7	95.25	140.1	111.50	147.7	83.50	133.1	48.75	120.4	33.50	107.2	20.50	110.8	36.50	123.7	46.	120.3	54.	122.4
28	.....	.....	93.50	137.5	110.25	146.3	93.	148.2	56.	138.3	37.50	120.	21.75	117.6	36.75	124.6	51.50	134.6	58.50	133.
July 5	159.25	177.9	102.25	150.4	122.	161.6	107.75	171.7	58.	143.2	41.50	132.8	23.	124.3	36.50	123.7	56.	146.4	64.	145.5
12	170.75	190.8	109.	160.3	130.25	172.5	105.	167.3	68.75	169.8	42.25	135.2	23.	124.3	39.	132.2	59.75	156.2	68.25	155.
19	167.00	186.6	115.	169.1	133.	176.2	102.50	163.3	63.	155.5	40.50	129.6	24.	129.7	39.50	133.9	57.	149.	66.25	150.6
26	169.75	189.7	120.25	176.8	137.25	181.8	104.75	166.9	66.75	164.8	45.	144.	22.25	120.3	41.50	140.7	59.75	156.2	69.25	157.3
Aug. 2	209.00	233.5	134.	197.1	160.	211.9	106.25	169.3	68.25	168.5	46.	147.2	.....	.....	39.75	134.7	60.50	158.2	72.75	165.3
9	185.50	207.3	131.50	193.4	150.25	199.	127.75	203.6	75.75	187.	46.	147.2	25.50	137.8	44.75	151.7	68.	177.7	78.	177.3
16	184.75	206.4	140.	205.9	155.50	206.	108.	172.1	75.	185.2	45.75	146.4	26.25	141.9	44.25	150.	64.25	168.	75.50	167.
23	218.50	244.1	147.75	217.3	172.25	228.1	122.	194.4	75.50	186.4	48.	153.6	25.50	137.8	46.50	157.6	67.50	176.5	80.25	182.3
30	192.75	215.4	146.50	215.4	162.50	215.2	118.25	188.4	73.25	180.9	48.25	154.4	25.	135.1	45.75	155.1	65.75	171.9	77.75	176.6
Sept. 6	206.75	231.	149.50	219.9	169.25	224.2	120.50	192.	71.75	177.2	47.75	152.8	25.	135.1	45.25	153.4	65.50	171.2	78.25	177.7
13	204.00	227.9	148.50	218.4	167.75	222.2	116.	184.9	75.25	185.8	48.	153.6	26.25	141.9	46.50	157.6	66.25	173.2	78.75	178.9
20	206.75	231.	148.25	218.	168.50	223.2	112.75	179.7	76.25	188.3	50.75	.....	28.50	154.	51.	172.9	67.50	176.5	79.75	181.2
27	206.00	230.2	152.00	223.5	170.75	226.2	117.75	187.6	75.75	187.	47.	150.4	27.25	147.3	45.50	154.2	66.75	174.5	79.50	180.7
Oct. 4	207.00	231.3	153.00	225.	171.75	227.5	119.25	190.	73.50	181.5	50.50	161.6	26.50	143.2	46.	155.9	67.	175.2	79.75	181.2
11	212.25	237.2	152.75	224.6	173.25	229.5	121.	192.8	76.75	189.5	47.75	152.8	26.50	143.2	46.75	158.5	67.75	177.1	80.75	183.5
18	214.50	239.7	148.	217.7	171.	226.5	117.75	187.6	76.50	188.9	49.50	158.4	25.50	137.8	50.25	170.3	67.50	176.5	80.25	182.4
25	204.50	228.5	154.25	226.8	171.75	227.5	119.25	190.	78.50	193.8	50.75	162.4	28.75	155.4	47.50	161.	69.25	181.1	81.75	185.8
Nov. 1	220.75	246.6	160.50	236.	181.25	240.1	113.75	181.3	77.75	192.	50.50	161.6	29.75	160.8	47.75	161.8	68.25	178.4	82.	186.4
8	213.50	238.5	155.25	228.3	175.50	232.5	122.	194.4	79.75	196.9	51.50	164.8	30.	162.2	46.50	157.6	70.50	181.7	83.50	189.8
15	217.75	243.3	148.25	218.	172.25	228.1	126.	200.8	83.75	206.8	52.25	166.8	29.75	160.8	50.	169.5	73.	190.8	85.25	193.8
22	226.00	252.5	168.	247.1	188.	249.	125.	199.2	84.	207.4	56.50	180.8	29.	156.8	53.50	181.3	74.	193.5	88.	200.
29	246.25	275.1	169.50	249.3	196.	259.6	139.	221.5	90.50	223.5	57.50	184.	28.75	155.4	54.	183.1	79.25	207.2	93.50	212.5
Dec. 6	237.25	265.1	178.50	262.5	198.75	263.2	136.	216.7	96.75	238.9	58.	185.6	30.25	163.5	53.75	182.2	81.25	212.2	95.75	217.6
13	254.00	283.8	177.	260.3	203.75	269.9	145.50	231.9	99.50	245.7	65.25	208.8	33.50	181.1	54.25	183.9	86.25	225.5	100.75	229.
20	273.25	305.3	185.25	272.4	215.75	285.8	156.	248.6	103.75	256.2	66.50	212.8	31.25	168.9	62.25	211.	90.	235.3	105.25	239.2
27	.....	.....	189.	278.	218.25	289.1	154.25	245.8	103.	254.3	64.50	206.4	29.50	159.5	62.50	211.8	88.75	232.	104.50	237.5
1920.																				
Jan'y 3	297.50	332.4	188.75	277.6	226.50	300.	167.75	267.3	105.25	259.9	73.75	236.	33.	178.4	65.	220.3	94.75	247.7	110.75	251.7
10	282.50	315.6	202.50	297.8	230.25	305.	173.50	276.5	122.	301.2	80.	256.	38.50	208.1	69.50	235.6	104.75	273.9	120.	272.7
17	284.25	317.6	199.	292.6	228.50	302.6	176.75	281.7	122.50	302.5	80.75	258.4	37.25	201.3	69.75	236.4	105.50	275.8	120.50	273.8
24	289.25	323.2	211.50	311.	238.50	315.9	179.75	286.5	132.	325.9	81.	259.2	39.	210.8	77.	261.	110.25	288.3	125.75	285.8
31	297.50	332.4	214.50	315.5	243.25	322.2	184.	293.2	130.	321.	84.25	269.6	43.25	233.8	80.50	272.9	111.75	292.2	128.	290.9
	Represents 4% of total production of white oak (Southern territory).		Represents 8.6% of total production of white oak (Southern territory).		Represents total production of quartered white oak (Southern territory).		Represents 15% of total production of white oak (Southern territory).		Represents 32.4% of total production of white oak (Southern territory).		Represents 22% of total production of white oak (Southern territory).		Represents 14% of total production of white oak (Southern territory).		Represents 4% of total production of white oak (Southern territory).		Represents total production of plain white oak (Southern territory).		Represents total production of quartered and plain white oak (Southern territory).	

The absolute prices of quartered and plain white oak (Southern territory) are computed on the basis of one-inch lumber and the following grade percentages:

	Quartered.	Combined.
Fas	34.6%	4. %
No. 1 common	65.4	8.6
Total	100. %	

Plain.		
Fas	17.4	15.
No. 1 common	36.9	32.4
No. 2 common	24.9	22.
No. 3 common	15.9	14.
Sound wormy	4.9	4.
Total	100. %	100. %

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate:

How much did Fas. plain white oak advance between January 25, 1919, and December 6, 1919?

The relative price of this item on the given date (December 6, 1919) was 216.7.

216.7 minus 100 = 116.7, the per cent Fas. plain white oak advanced between January 25, 1919, and December 6, 1919.

Relative Prices Computed on Average Price for January 25, 1919 (or First Sale Following), as 100.

Year and week.	Red gum. Fas. Absolute price.	Red gum. Fas. Relative price.	Red gum. No. 1 common. Absolute price.	Red gum. No. 1 common. Relative price.	Sap gum. Wide box boards. Absolute price.	Sap gum. Wide box boards. Relative price.	Sap gum. Fas. Absolute price.	Sap gum. Fas. Relative price.	Sap gum. No. 1 common. Absolute price.	Sap gum. No. 1 common. Relative price.	Sap gum. No. 2 common. Absolute price.	Sap gum. No. 2 common. Relative price.	Sap gum. No. 3 common. Absolute price.	Sap gum. No. 3 common. Relative price.	Total gum. Absolute price.	Total gum. Relative price.
1919.																
Jan'y 25	44.75	100.	.....	.....	.....	.....	33.75	100.	28.75	100.	25.25	100.	.....	.....	32.25	100.
Feb'y 3	46.00	102.7	32.75	100.	45.50	100.	33.25	98.5	29.25	101.7	26.00	102.9	23.50	100.	31.75	98.4
8	47.75	106.7	35.25	107.6	48.75	107.1	34.25	101.4	29.50	102.6	25.75	101.9	21.50	91.4	32.50	100.7
15	48.25	107.8	36.75	112.2	47.00	103.3	34.50	102.2	29.75	103.4	26.00	102.9	.....	.....	32.75	101.5
22	46.25	103.3	36.00	109.9	43.75	96.1	34.50	102.2	29.50	102.6	25.25	100.	20.75	88.3	32.00	99.2
March 1	48.00	107.2	35.75	109.1	44.75	98.3	33.00	106.6	29.50	102.6	25.50	100.9	18.75	79.7	32.50	100.7
8	46.00	102.7	36.25	110.6	43.75	96.1	34.25	101.4	29.00	100.8	24.75	98.	20.50	87.2	31.75	98.4
15	47.75	106.7	35.25	**107.6**	**48.50**	**106.6**	**35.00**	**103.7**	**29.00**	100.8	25.75	101.9	22.25	94.6	32.50	100.7
22	49.25	110.0	36.50	111.4	46.75	102.7	34.50	102.2	30.00	104.3	25.50	100.9	16.75	71.2	32.25	100.
29	50.50	112.8	36.00	109.9	41.50	91.2	36.25	107.4	30.25	105.2	24.50	97.	21.50	91.4	32.50	100.7
April 5	49.00	109.5	35.75	109.1	44.75	98.3	35.00	103.7	29.50	102.6	25.00	99.	20.75	88.3	32.25	100.
12	47.00	105.	35.75	109.1	45.00	98.9	35.50	105.1	29.00	100.8	25.25	100.	23.25	98.9	32.50	100.7
19	49.00	109.5	35.50	108.4	47.00	103.3	34.50	102.2	30.00	104.3	25.25	100.	.....	.....	32.75	101.5
26	49.25	110.0	36.00	109.9	45.50	100.	35.25	107.4	30.00	104.3	24.75	98.	19.00	80.8	32.50	100.7
May 3	50.25	112.3	36.50	111.4	46.00	101.1	35.50	105.1	29.50	102.6	24.50	97.	18.75	79.7	32.25	100.
10	50.00	111.7	37.50	114.5	44.50	97.8	37.75	111.8	31.25	108.7	24.50	97.	19.00	80.8	33.25	103.1
17	52.50	117.3	38.50	117.6	44.75	98.3	37.50	111.1	30.25	105.2	25.75	101.9	19.75	84.	33.50	103.8
24	51.50	115.1	39.25	119.8	45.75	100.5	38.00	112.6	30.25	105.2	24.00	95.	21.75	92.5	33.50	103.8
31	51.00	113.9	40.00	122.1	48.50	106.6	39.25	116.3	31.25	108.7	24.50	97.	18.50	78.7	34.25	106.2
June 7	56.25	125.7	43.50	132.8	46.25	101.6	40.25	119.2	31.75	110.4	25.50	100.9	19.75	84.	35.25	**109.3**
14	61.00	136.3	45.00	137.4	44.00	96.7	40.75	120.7	32.50	113.	26.25	103.9	21.75	92.5	36.50	113.1
21	61.25	136.8	49.00	149.6	49.00	107.7	42.00	124.4	32.25	112.1	26.25	103.9	19.25	81.9	37.25	115.5
28	77.50	173.2	53.75	164.1	58.25	128.	45.50	134.8	35.00	121.7	27.00	106.9	20.75	88.3	41.25	127.9
July 5	69.00	154.2	53.00	161.8	53.25	117.	46.75	138.5	36.00	125.2	28.00	110.9	22.00	93.6	41.00	127.1
12	81.75	182.6	57.25	174.8	53.50	117.5	48.00	142.2	36.50	126.9	28.25	111.9	21.50	91.4	42.75	132.5
19	83.75	187.1	62.75	191.6	57.75	126.9	50.25	148.8	40.50	140.8	29.00	114.8	24.50	104.2	45.75	141.8
26	89.00	198.8	65.25	199.2	63.25	139.	52.25	154.8	39.25	136.5	29.75	117.8	23.50	100.	46.75	144.9
Aug. 2	93.25	208.3	66.00	201.5	65.75	144.5	53.50	158.5	42.25	146.9	29.75	117.8	24.00	102.1	48.50	150.3
9	92.75	207.2	69.50	212.2	67.50	148.3	54.25	160.7	43.00	149.5	30.25	119.8	23.25	98.9	49.50	153.4
16	99.50	222.3	72.50	221.3	65.75	144.5	55.75	165.1	45.00	156.5	32.00	126.7	25.50	108.5	51.50	159.7
23	106.25	237.4	72.00	219.8	72.25	158.7	58.00	171.8	46.00	160.	31.50	124.7	24.25	103.2	53.00	164.3
30	103.50	230.7	72.50	221.3	70.50	154.9	57.25	169.6	44.75	155.6	31.25	123.7	23.75	101.1	52.25	162.
Sept. 6	99.00	221.2	73.75	225.2	73.50	161.5	57.50	170.3	46.25	160.8	32.00	126.7	22.00	93.6	52.75	163.5
13	103.25	230.7	74.75	228.2	69.25	152.2	59.00	174.8	46.00	160.	31.75	125.7	25.00	106.3	53.25	165.1
20	102.75	229.6	75.00	229.	72.00	158.2	58.25	172.5	44.75	155.6	32.00	126.7	24.50	104.2	52.75	163.5
27	100.50	224.6	73.75	225.2	71.25	156.6	55.25	163.7	44.25	153.9	31.25	123.7	24.50	104.2	51.50	159.7
Oct. 4	101.25	226.2	74.25	226.7	67.50	148.3	55.25	163.7	44.75	155.6	31.50	124.7	23.25	98.9	51.75	160.4
11	100.00	223.4	72.75	222.1	70.75	155.5	56.50	167.4	45.25	157.4	30.75	121.8	24.50	104.2	52.00	161.2
18	100.75	225.1	72.25	220.6	69.25	152.2	57.00	168.8	45.25	157.4	31.50	124.7	25.75	109.5	52.25	162.
25	102.50	229.0	74.00	225.9	71.00	156.	56.75	168.1	45.25	157.4	31.25	123.7	24.50	104.2	52.25	162.
Nov. 1	103.75	231.8	75.75	231.3	71.25	156.6	58.25	172.5	46.00	160.	31.75	125.7	24.75	105.3	53.25	165.1
8	105.50	235.7	78.25	238.9	72.75	159.9	59.25	175.5	47.25	164.3	31.25	123.7	24.50	104.2	54.25	168.2
15	110.00	245.8	81.25	248.1	74.25	163.1	57.25	169.6	47.50	165.2	22.25	127.7	24.75	105.3	54.75	169.7
22	115.00	256.9	85.00	259.5	75.25	165.3	62.25	184.4	50.75	176.5	31.75	125.7	25.25	107.4	57.50	178.3
29	119.25	266.4	86.50	264.1	79.75	175.2	65.00	192.6	53.75	186.9	34.00	134.6	26.25	111.7	60.25	186.8
Dec. 6	124.50	278.2	100.25	306.1	82.00	180.2	70.75	209.6	55.75	193.9	34.25	135.6	26.50	112.7	64.00	198.4
13	129.00	288.2	100.50	306.8	92.00	202.2	68.75	203.7	58.50	203.4	35.00	138.6	27.00	114.9	65.50	203.1
20	135.25	302.2	110.00	335.8	86.50	190.1	76.75	227.4	59.75	207.8	38.00	150.5	28.50	121.2	69.50	215.5
27	146.50	327.3	128.75	393.1	94.00	206.6	81.75	242.2	64.25	223.4	39.75	157.	28.00	119.1	75.25	233.3
1920.																
Jan'y 3	163.00	364.2	122.25	373.2	101.25	222.5	82.00	242.9	66.25	230.4	41.50	164.3	30.75	130.8	77.25	239.5
10	154.75	345.8	131.25	400.7	103.75	228.	87.75	260.	72.00	250.4	43.50	172.2	.....	.....	81.00	251.1
17	169.25	378.2	136.00	415.2	109.50	240.6	91.25	270.3	74.25	258.2	45.00	178.2	30.75	130.8	84.50	262.
24	178.00	397.7	140.25	428.2	109.50	240.6	92.25	273.3	75.50	262.6	47.00	186.1	33.00	140.4	87.00	269.7
31	182.50	407.8	148.25	452.6	115.25	253.3	97.75	289.6	80.50	280.	48.50	192.1	35.75	152.1	91.50	283.7
	Represents 6.6% of total production of gum.		Represents 11% of total production of gum.		Represents 4.8% of total production of gum.		Represents 19.5% of total production of gum.		Represents 27.4% of total production of gum.		Represents 20.7% of total production of gum.		Represents 5.8% of total production of gum.		Represents total production of gum.	

NOTE.—The absolute prices of gum are computed on the basis of one-inch lumber and the following grade percentages:

Red gum:	
Fas.	6.6%
No. 1 common	11.
Sap gum:	
Wide box boards	4.8
Narrow box boards	4.2
Fas.	19.5
No. 1 common	27.4
No. 2 common	20.7
No. 3 common	5.8

To determine the per cent advance between January 25, 1919, and any given date, deduct 100 from the relative price at given date.

To illustrate:

How much did Fas. red gum advance between January 25, 1919, and July 5, 1919?

The relative price of this item on the given date (July 5, 1919) was 154.2.

154.2 minus 100 = 54.2, the per cent Fas. red gum advanced between January 25, 1919, and July 5, 1919.

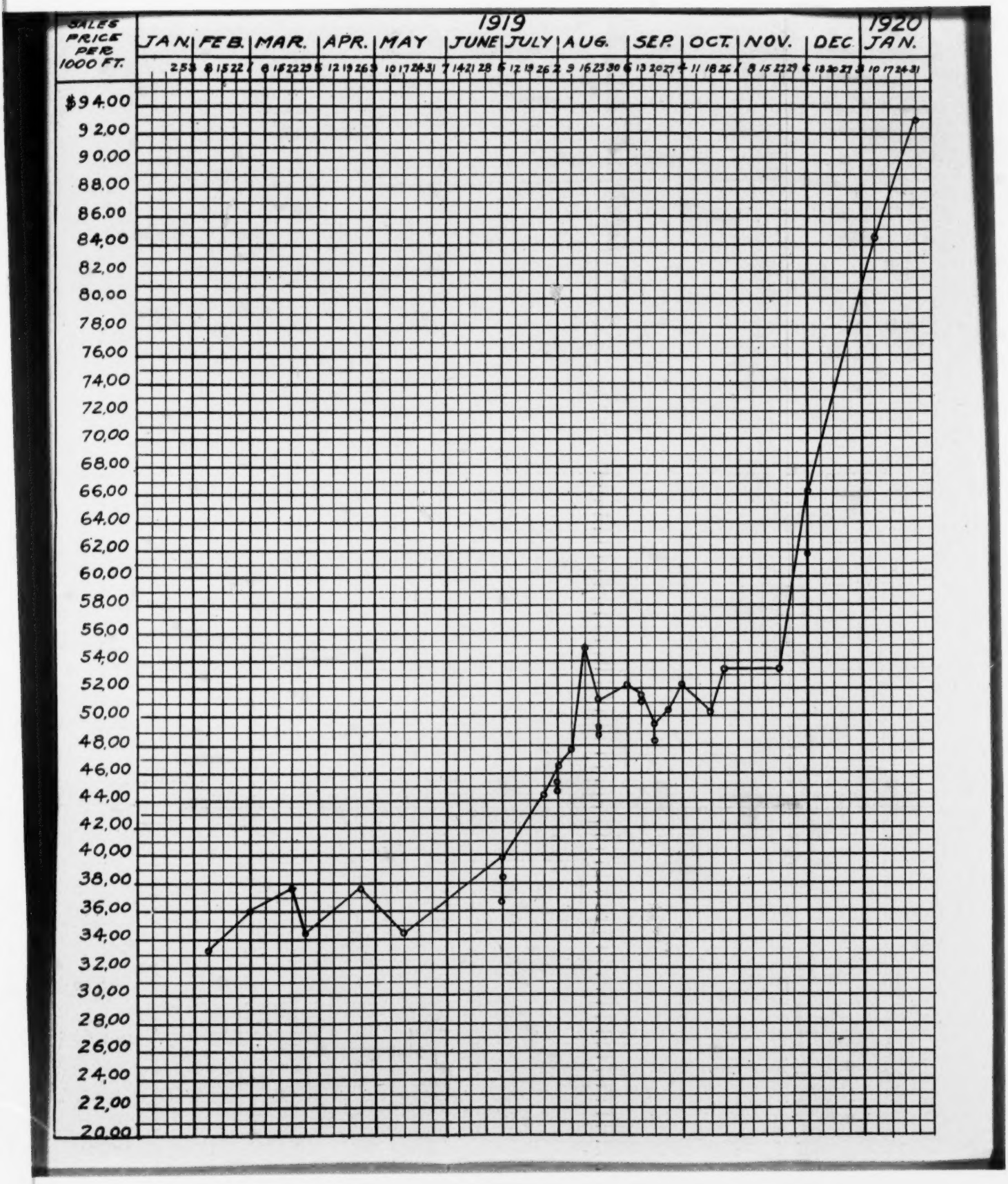
CORRECTION.

The 16 charts referred to below are not submitted, due to the fact that a photo reprint could not be reproduced that would be of practical value. The original charts are on file in clerk's office; hence the elimination here in nowise alters the order and logic of our treatment.

Here follows a reproduction in photographic form, of sixteen charts (Gadd Exhibits O 1 to 16 as referred to, this Vol. 2 39) showing the range in the actual average sales price and stocks on hand as disclosed in the weekly sales reports and monthly stock reports for the year 1919 and months of January and February, 1920.

These charts are illustrative of the seven foregoing statements as to absolute prices.

Here follows a reproduction, in photographic form, of four charts (as referred to, this Vol. 2 45) showing that prices declined on certain items during the spring of 1919, as disclosed by the weekly sales reports.

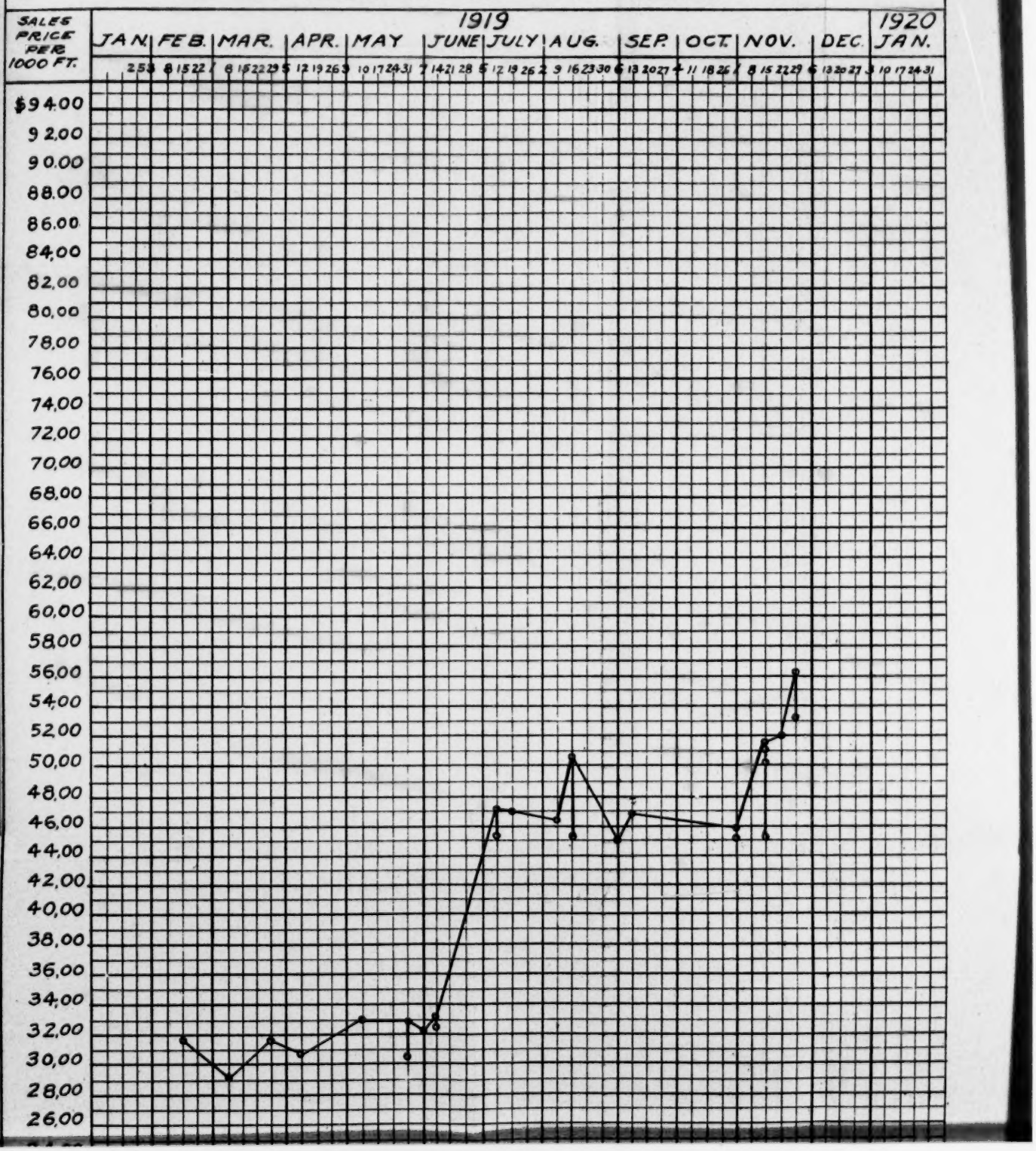

SALES PRICE PER 1000 FT.
1919
1920
JAN.
FEB.
MAR.
APR.
MAY
JUNE
JULY
AUG.
SEP.
OCT.
NOV.
DEC
JAN.
$94.00
92.00
90.00
88.00
86.00
84.00
82.00
80.00
78.00
76.00
74.00
72.00
70.00
68.00
66.00
64.00
62.00
60.00
58.00
56.00
54.00
52.00
50.00
48.00
46.00
44.00
42.00
40.00
38.00
36.00
34.00
32.00
30.00
28.00
26.00
24.00
22.00
20.00

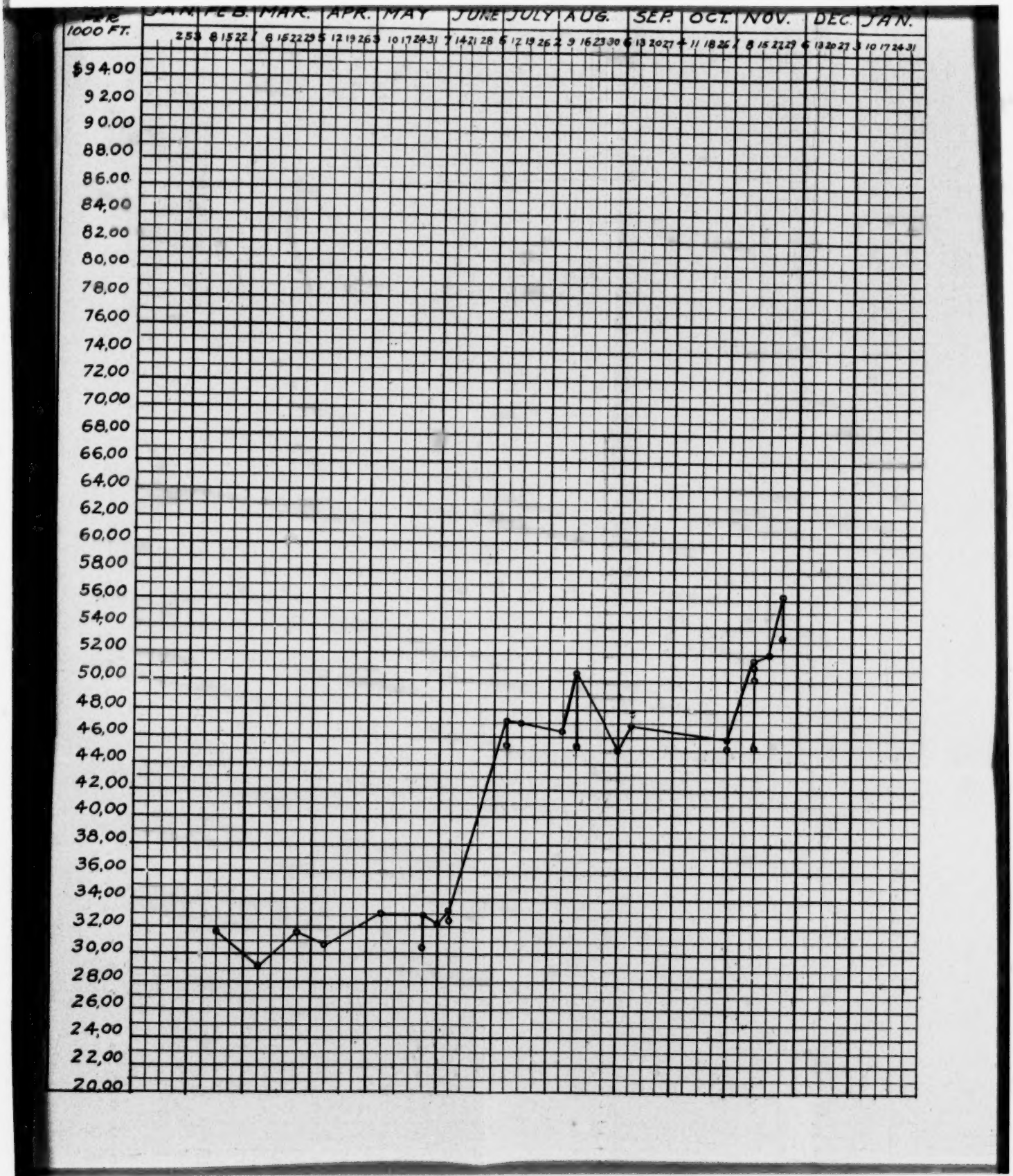
LAMB-FISH LUMBER COMPANY.

CHARLESTON MISS.

RANGE OF PRICES DURING YEAR 1919 & JANUARY 1920.

ONE INCH NO 1. COMMON SAP GUM F.O.B. CAIRO ILL.



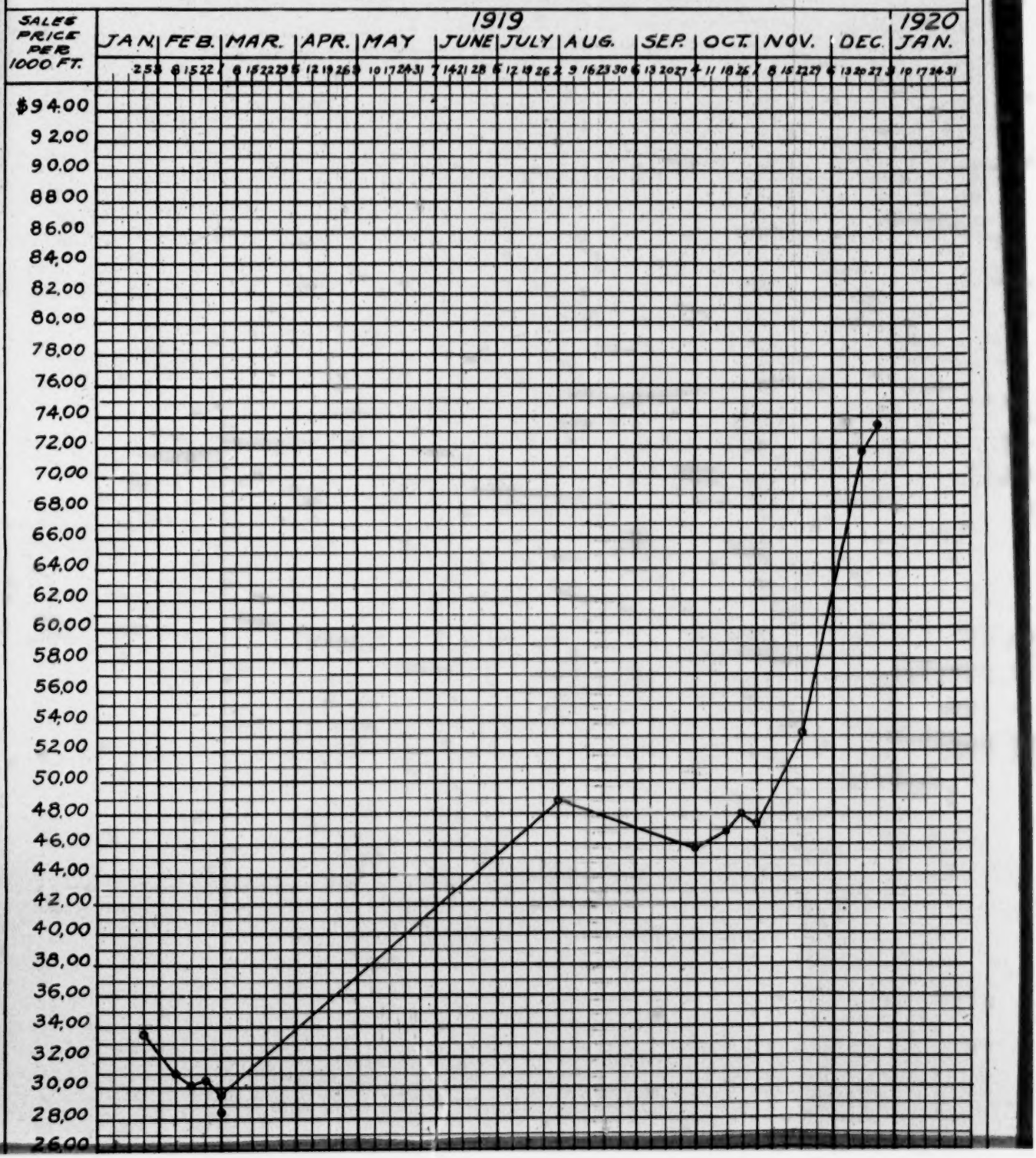

PER 1000 FT.
JAN. FEB. MAR. APR. MAY JUNE JULY AUG. SEP. OCT. NOV. DEC. JAN.
$94.00
92,00
90.00
88.00
86.00
84,00
82.00
80,00
78,00
76,00
74,00
72,00
70,00
68,00
66,00
64,00
62,00
60,00
58,00
56,00
54,00
52,00
50,00
48,00
46,00
44,00
42,00
40,00
38,00
36,00
34,00
32,00
30,00
28,00
26,00
24,00
22,00
20,00

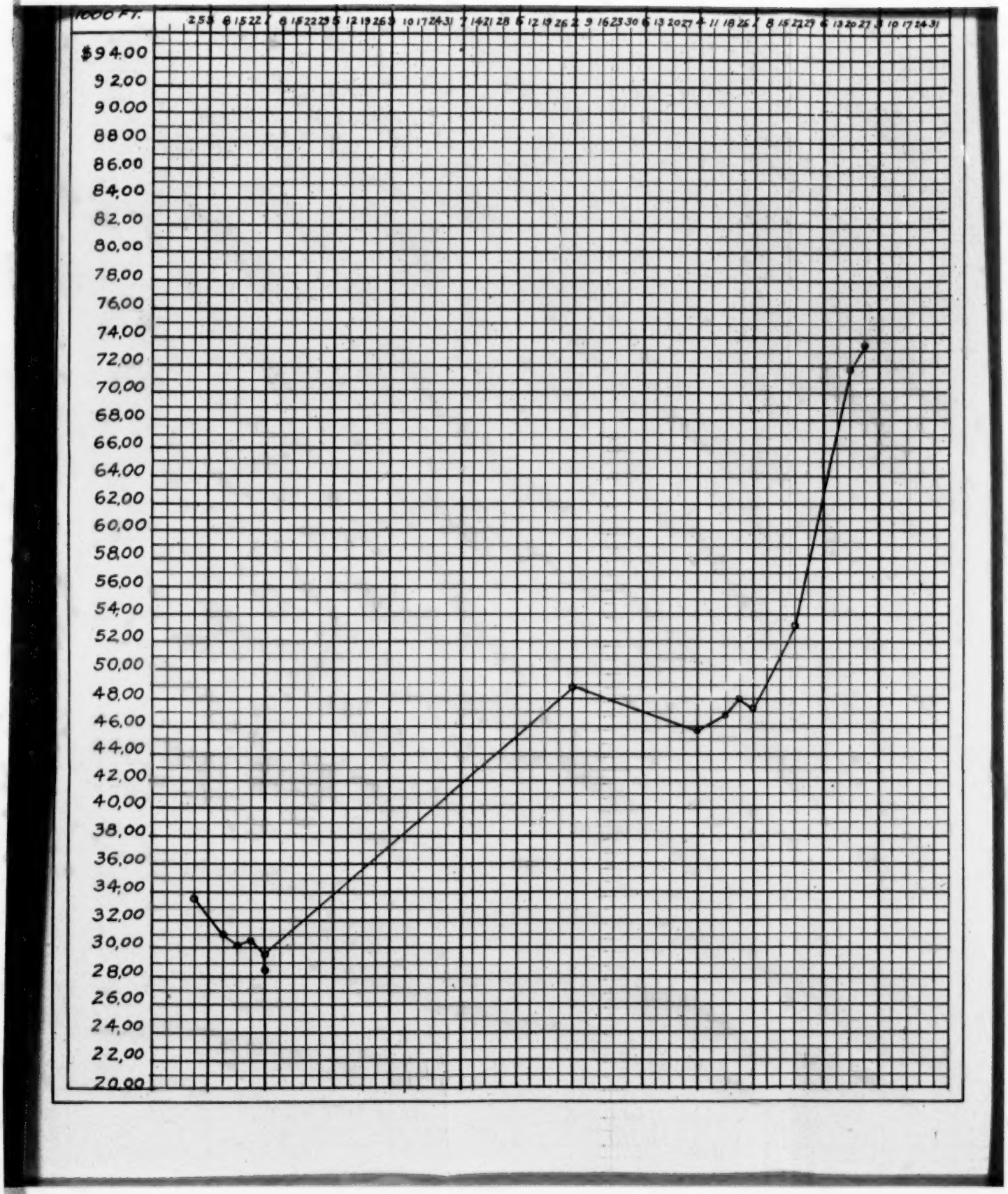
GAYOSO LUMBER COMPANY

MEMPHIS TENN.

RANGE OF PRICES DURING YEAR 1919 & JANUARY 1920.

ONE INCH NO 1. COMMON SAP GUM F.O.B. CAIRO ILL.



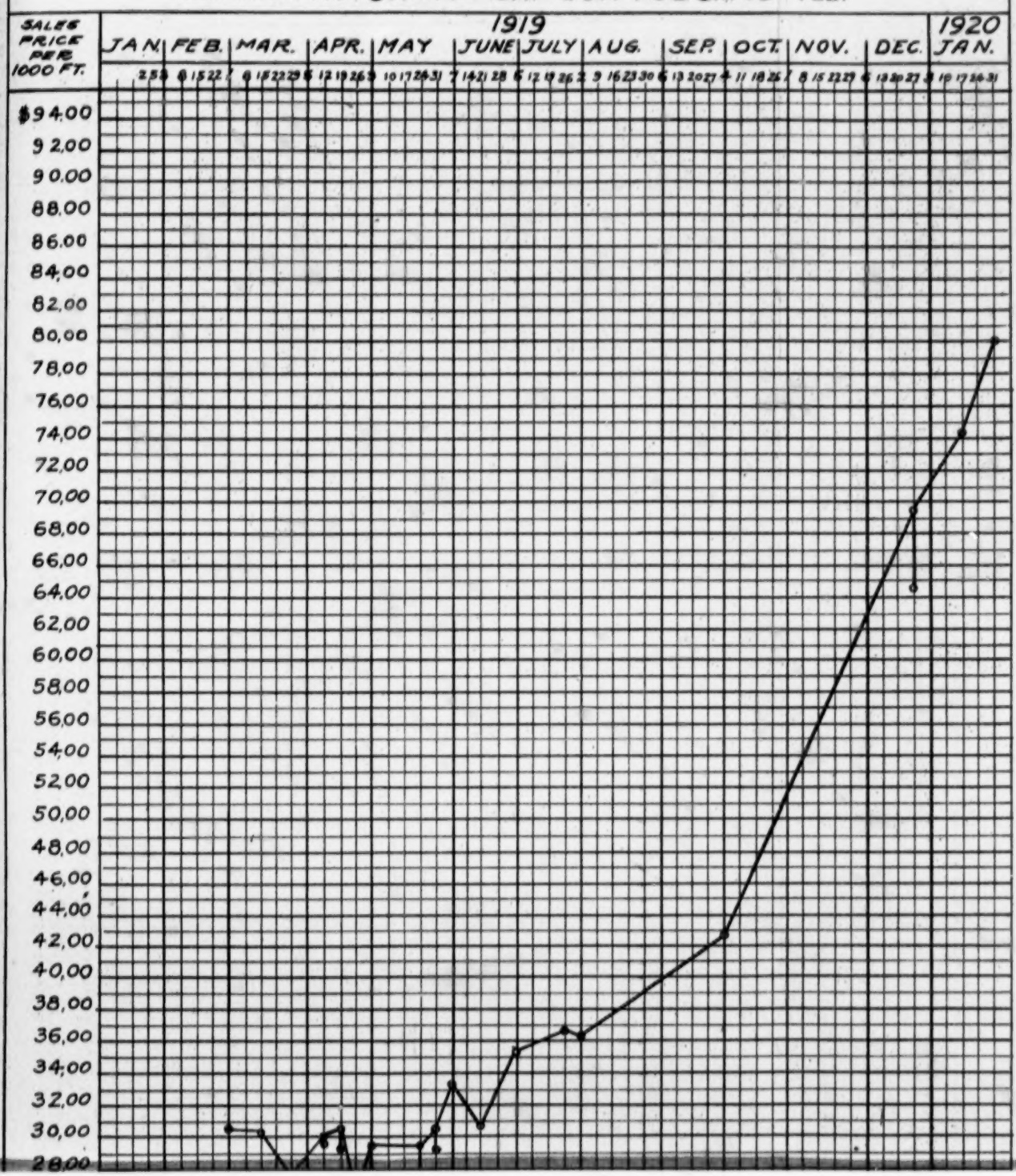

1000 FT.
$94.00
92.00
90.00
88.00
86.00
84.00
82.00
80.00
78.00
76.00
74.00
72.00
70.00
68.00
66.00
64.00
62.00
60.00
58.00
56.00
54.00
52.00
50.00
48.00
46.00
44.00
42.00
40.00
38.00
36.00
34.00
32.00
30.00
28.00
26.00
24.00
22.00
20.00

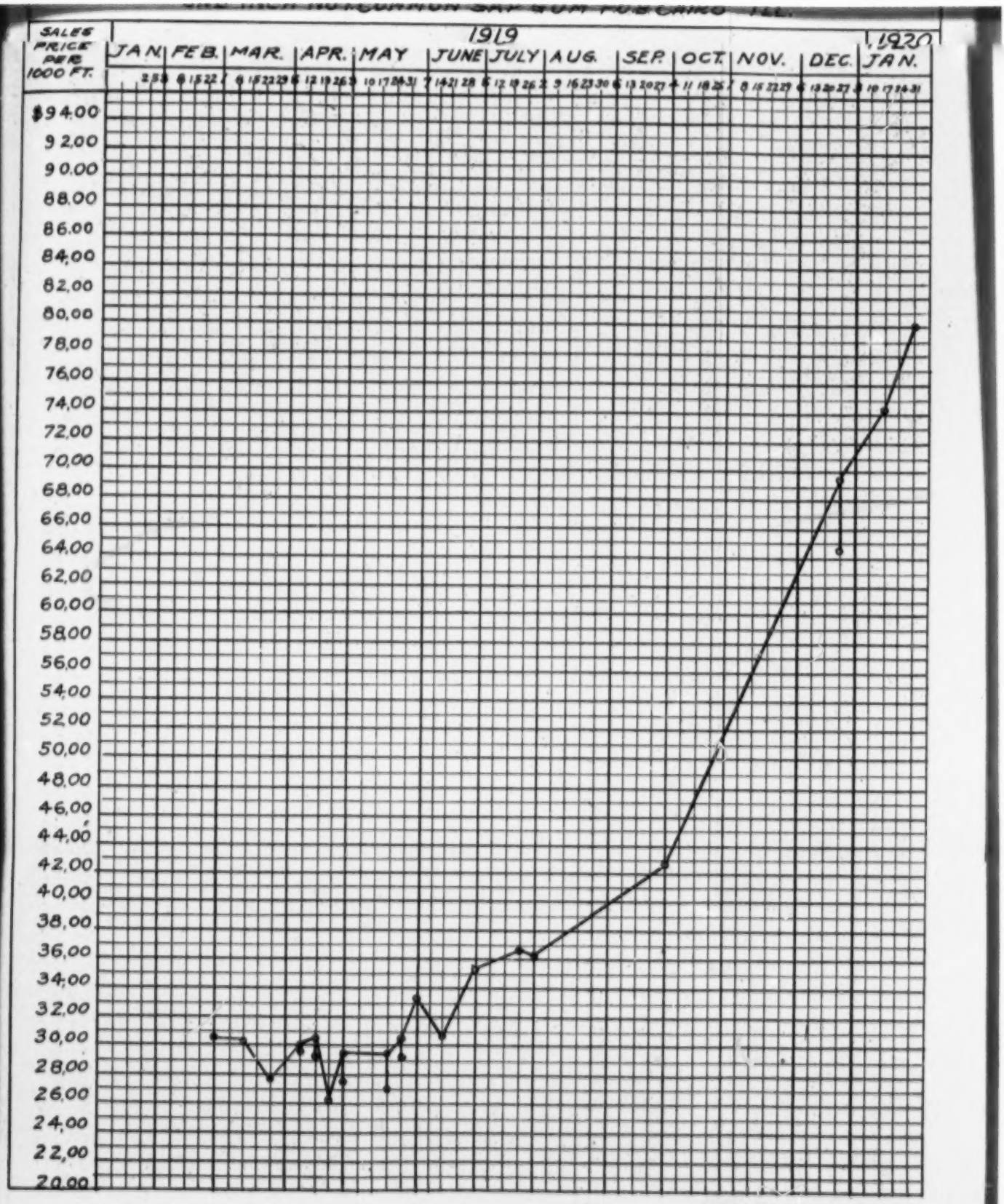
BROWN-EVERTS LUMBER CO

MEMPHIS, TENN.

RANGE OF PRICES DURING YEAR 1919 & JANUARY 1920.

ONE INCH NO 1 COMMON SAP GUM F.O.B. CAIRO ILL.



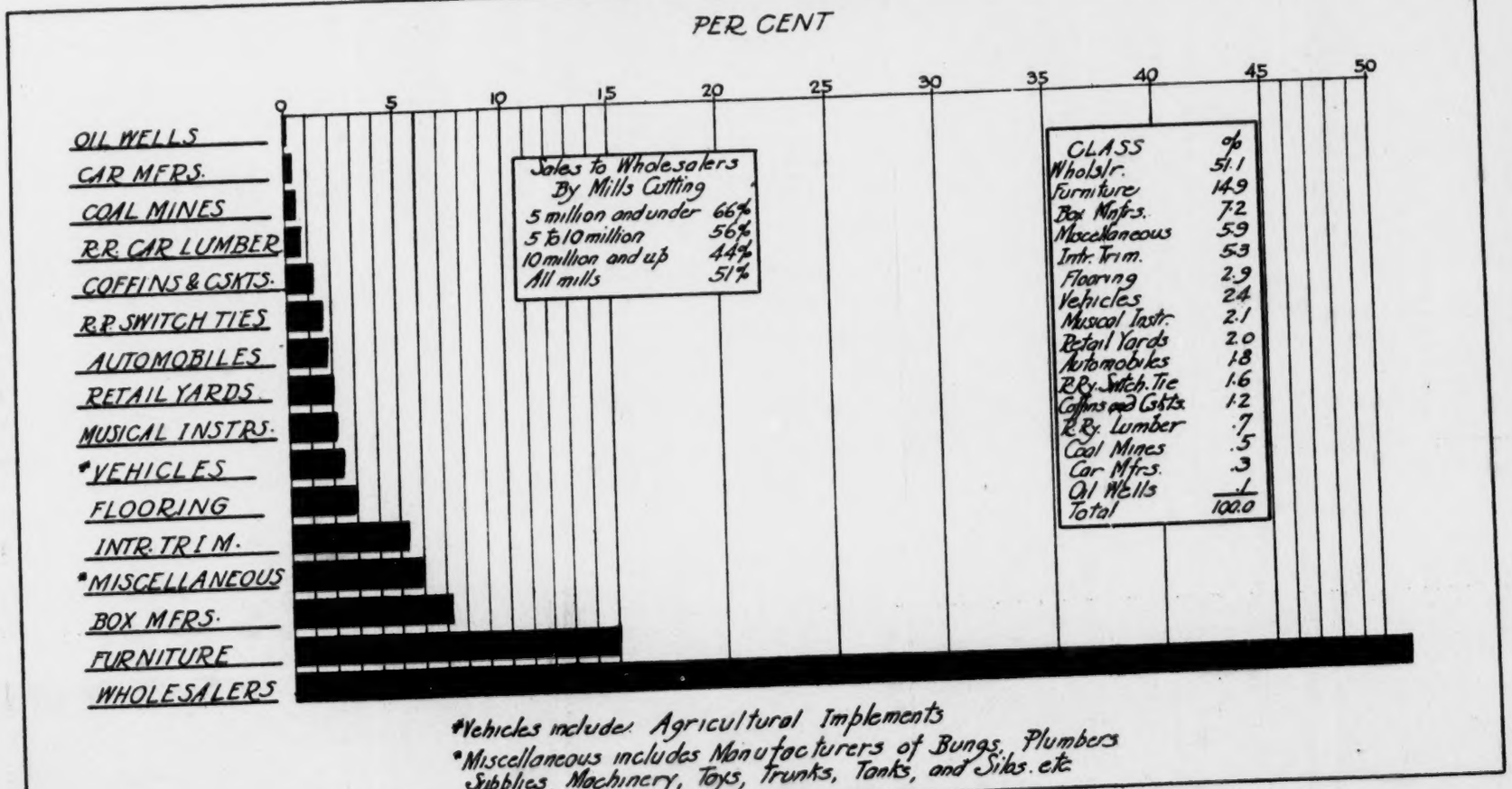

SALES PRICE PER 1000 FT.
1919
1920
JAN.
FEB.
MAR.
APR.
MAY
JUNE
JULY
AUG.
SEP.
OCT.
NOV.
DEC.
JAN.
$94.00
92.00
90.00
88.00
86.00
84.00
82.00
80.00
78.00
76.00
74.00
72.00
70.00
68.00
66.00
64.00
62.00
60.00
58.00
56.00
54.00
52.00
50.00
48.00
46.00
44.00
42.00
40.00
38.00
36.00
34.00
32.00
30.00
28.00
26.00
24.00
22.00
20.00

Here follows a reproduction, in photographic form, of a chart (as referred to, this Vol. 2 45) showing the percentage of sales to various classes of buyers as disclosed by an analysis of the sales data for the year 1919.

This chart also shows the percentage of sales to wholesalers by various types of mills.

PERCENTAGE OF SALES TO VARIOUS CLASSES OF CUSTOMERS

COMPILED FROM THE OPEN COMPETITION PLAN SALES REPORTS FOR 1919



Here follows tabulation (as referred to, this Volume 2 45) showing monthly relation of stocks on hand for identical mills as disclosed by the monthly stock reports.

Changes in Unsold Stocks, Showing Monthly Relation for Identical Mills of Stocks on Hand During 1919 and January, 1920.

(Taking January 1, 1919, as 100 Per Cent.)

Date.	Southern territory.		Eastern territory.		Total stocks.	
	Feet.	Relation (Per cent).	Feet.	Relation (Per cent).	Feet.	Relation (Per cent).
January 1, 1919	356,210,000	100.	195,174,000	100.	551,384,000	100.
February 1, 1919	304,158,000	85.4	152,658,000	78.2	456,816,000	82.8
March 1, 1919	300,528,000	84.4	154,378,000	79.1	454,906,000	82.5
April 1, 1919	280,351,000	78.7	147,120,000	75.8	427,471,000	77.5
May 1, 1919	260,689,000	73.2	136,588,000	70.	397,277,000	72.1
June 1, 1919	203,292,000	57.1	116,373,000	59.6	319,665,000	57.9
July 1, 1919	171,264,000	48.1	104,980,000	53.8	276,244,000	50.1
August 1, 1919	170,652,000	47.9	111,402,000	57.1	282,054,000	51.1
September 1, 1919	169,526,000	47.6	110,242,000	56.5	279,768,000	50.7
October 1, 1919	188,905,000	53.	119,195,000	61.1	308,100,000	55.9
November 1, 1919	180,646,000	50.7	109,984,000	56.3	290,630,000	52.7
December 1, 1919	175,592,000	49.3	90,677,000	46.4	266,269,000	48.3
January 1, 1920	191,579,000	53.8	87,038,000	44.6	278,617,000	50.5

Production.

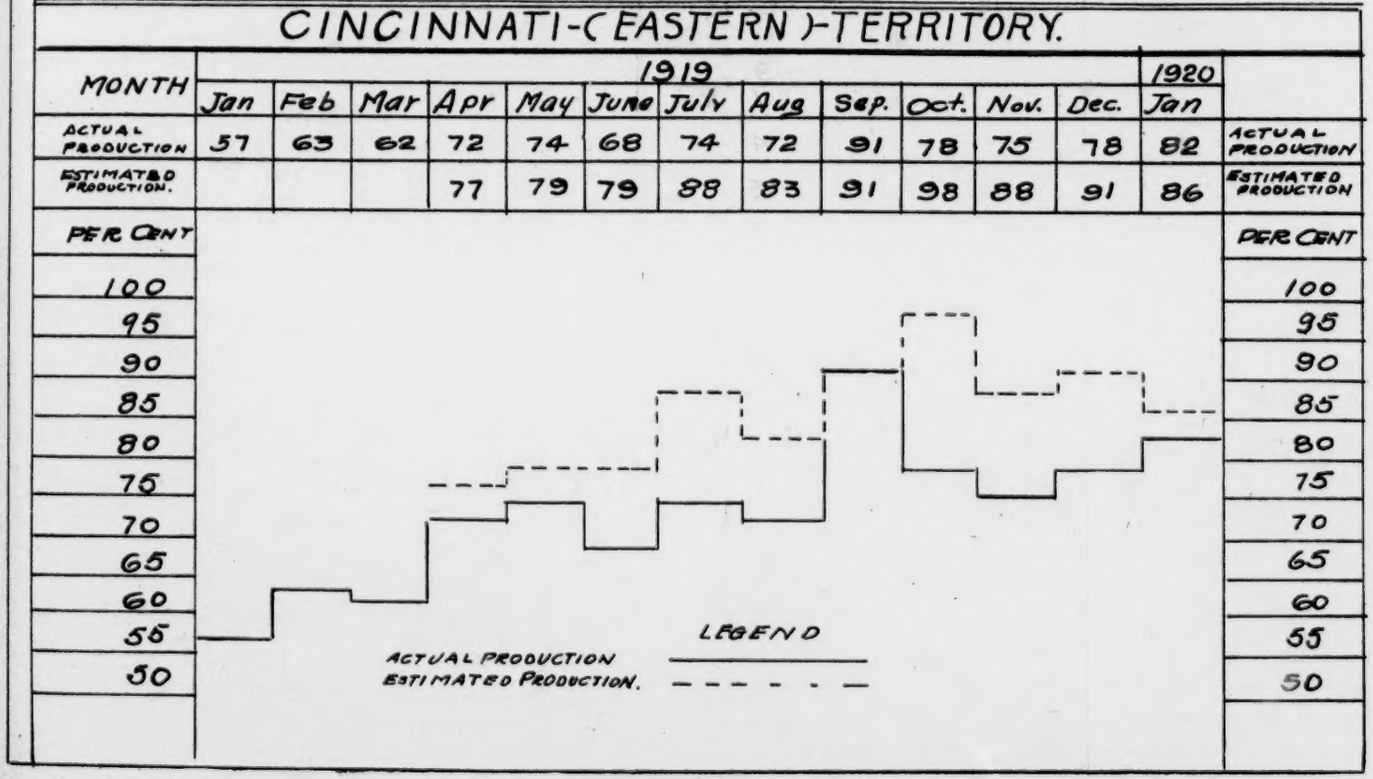
Estimated and actual production as disclosed by market condition reports.

As has been explained, prior to a group meeting Mr. Gadd sent out a questionnaire, wherein he invited members to indicate their actual production for the past month and their estimated production for the next sixty days. The members who see fit to answer this question do so and send their independent and individual replies to Mr. Gadd prior to the meetings. In view of the fact that it is charged that the conspiracy had for one of its purposes the curtailment of production it is of interest to note the estimates of production that the members made as compared with the actual production afterwards realized, and in this it should always be borne in mind that this is the only production report that is found in the record or is contemplated by the plan as it functions. There is submitted six charts covering the various groups and the combined territory. These charts in a graphic way disclose the estimated as compared with realized production.

AMERICAN HARDWOOD MANUFACTURERS ASSOCIATION
CHART SHOWING PERCENT OF ESTIMATED AND ACTUAL PRODUCTION FOR THE YEAR ENDING DECEMBER 31-1919 AND FOR MONTH OF JAN. 1920

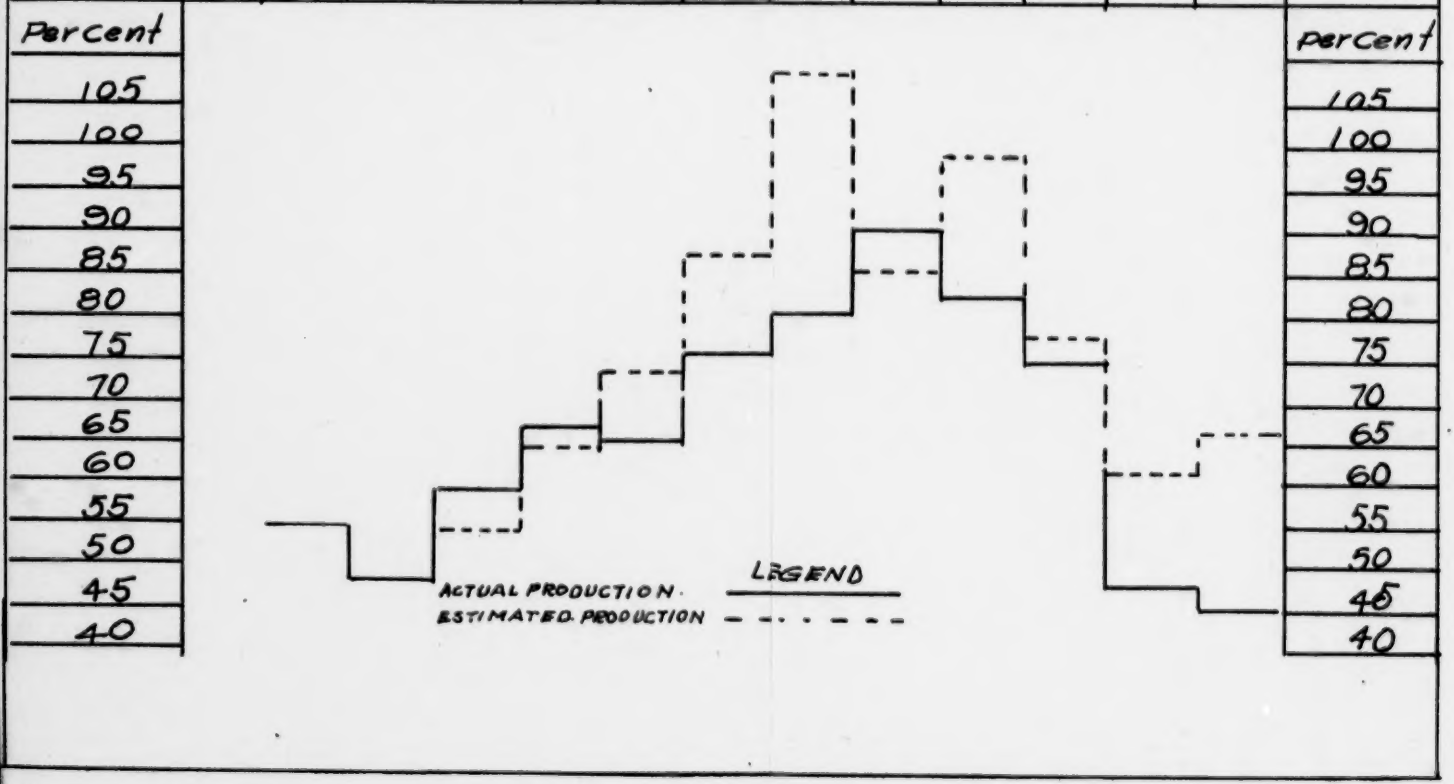
CINCINNATI-(EASTERN)-TERRITORY.

MONTH	1919 Jan	Feb	Mar	Apr	May	June	July	Aug	Sep.	Oct.	Nov.	Dec.	1920 Jan	
ACTUAL PRODUCTION	57	63	62	72	74	68	74	72	91	78	75	78	82	ACTUAL PRODUCTION
ESTIMATED PRODUCTION.				77	79	79	88	83	91	98	88	91	86	ESTIMATED PRODUCTION



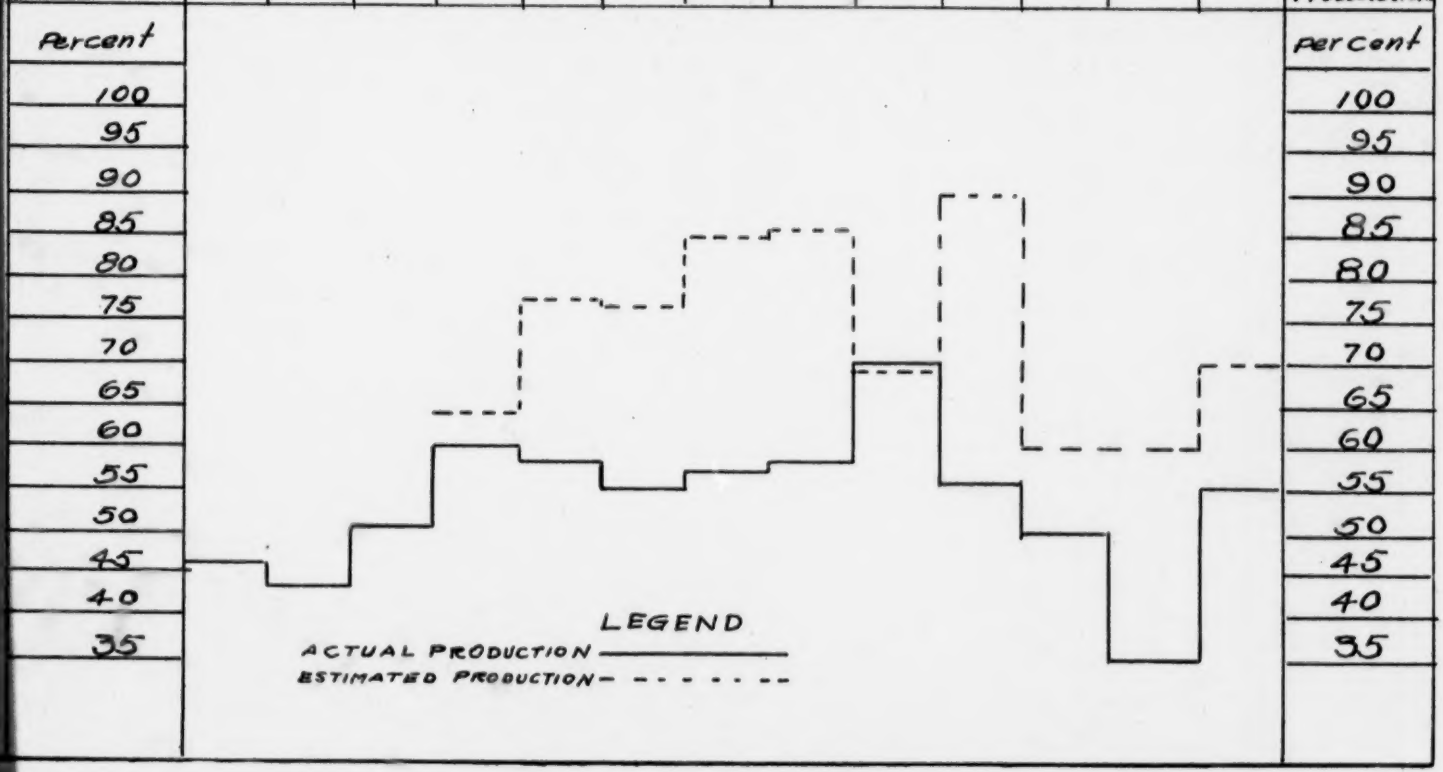
MEMPHIS TERRITORY.

MONTH	1919 Jan.	Feb	Mar	Apr.	May	June	July	Aug	Sep	Oct	Nov	Dec.	1920 Jan.	MONTH
ACTUAL PRODUCTION		55	47	59	66	65	76	80	90	82	75	47	45	ACTUAL PRODUCTION
ESTIMATED PRODUCTION				54	64	73	87	108	85	98	77	61	66	ESTIMATED PRODUCTION



SOUTHWESTERN TERRITORY

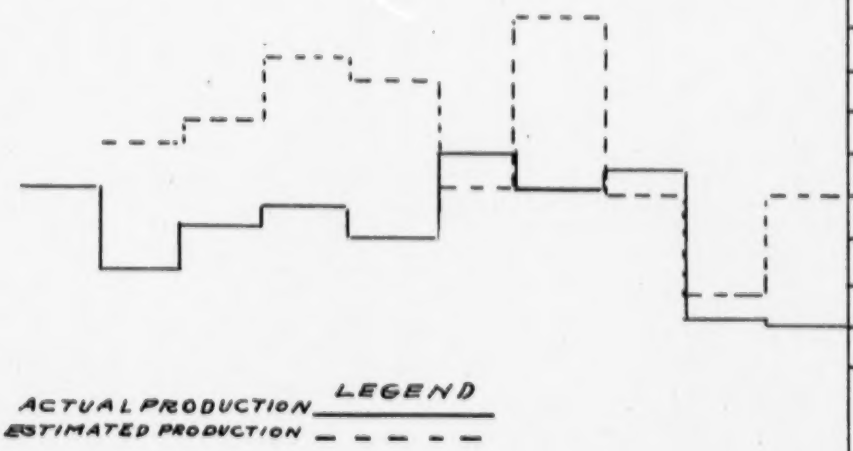
MONTH	1919 Jan	Feb.	Mar	Apr.	May	June	July	Aug	Sep.	Oct.	Nov.	Dec.	1920 Jan	MONTH
Actual Production	46	43	52	60	58	55	57	58	70	56	50	35	55	Actual Production
Estimated production				64	78	77	85	86	69	90	58	58	70	Estimated Production



JACKSON TERRITORY

MONTH	1919 Jan	Feb	Mar.	Apr.	May	June	July.	Aug	Sep.	Oct.	Nov.	Dec.	1920 Jan.	MONTH
ACTUAL PRODUCTION				71	62	67	69	65	75	71	73	56	55	ACTUAL PRODUCTION
ESTIMATED PRODUCTION					77	79	87	84	71	92	69	59	70	ESTIMATED PRODUCTION.

PER CENT
100
95
90
85
80
75
70
65
60
55
50



LEGEND

ACTUAL PRODUCTION ———

ESTIMATED PRODUCTION - - - - -

PER CENT.
100
95
90
85
80
75
70
65
60
55
50

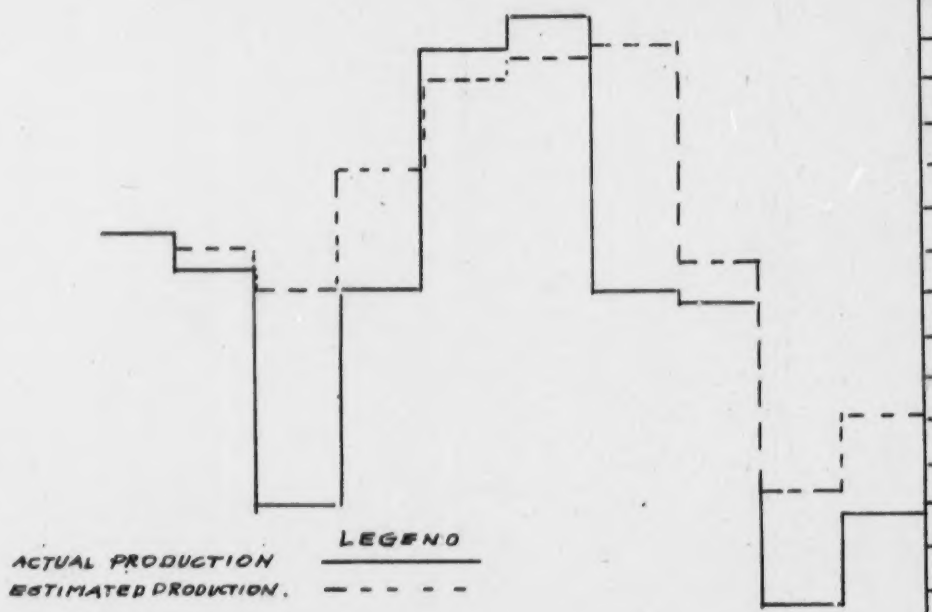
Range of Production of Typical Mills.

As an illustration of the variation of production of typical mills, we submit two charts in photographic form compiled from the monthly group meeting reports which disclose the wide range of production during the year 1919. Chart No. 1 includes mills that at the beginning of the year 1919 had little or no production but who during the year increased production to over 100 per cent of normal. Chart No. 2 includes mills that started the year 1919 with practically normal production, which for various causes beyond their control diminished during subsequent months.

LITTLE ROCK TERRITORY

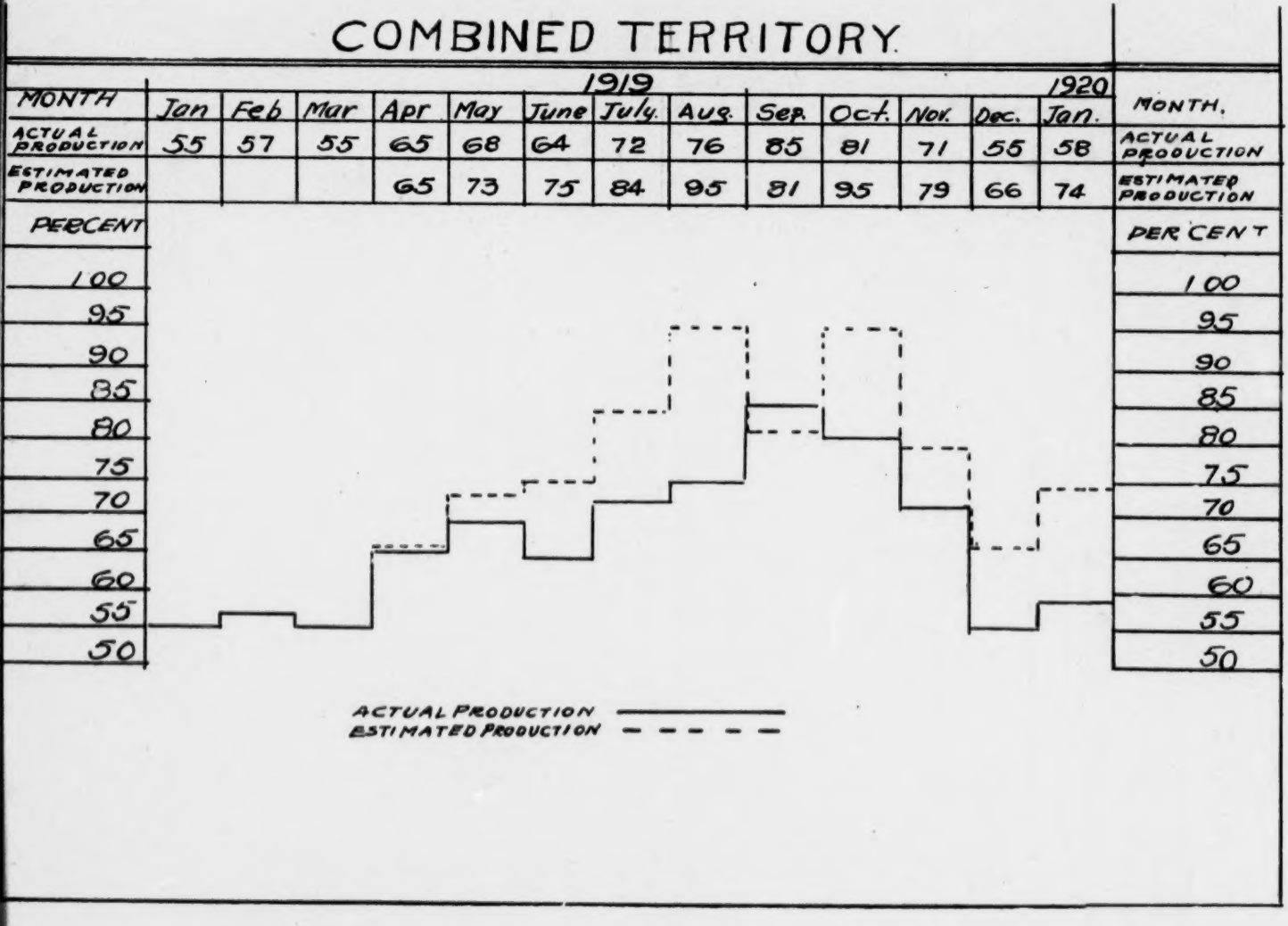
MONTH	1919 Jan	Feb.	Mar	Apr.	May.	June	July	Aug	Sept.	Oct.	Nov.	Dec.	1920 Jan	MONTH
ACTUAL PRODUCTION				82	78	50	76	103	107	75	73	38	49	ACTUAL PRODUCTION
ESTIMATED PRODUCTION					81	76	90	100	104	106	79	52	61	ESTIMATED PRODUCTION

PER CENT: 105, 100, 95, 90, 85, 80, 75, 70, 65, 60, 55, 50, 45, 40, 35

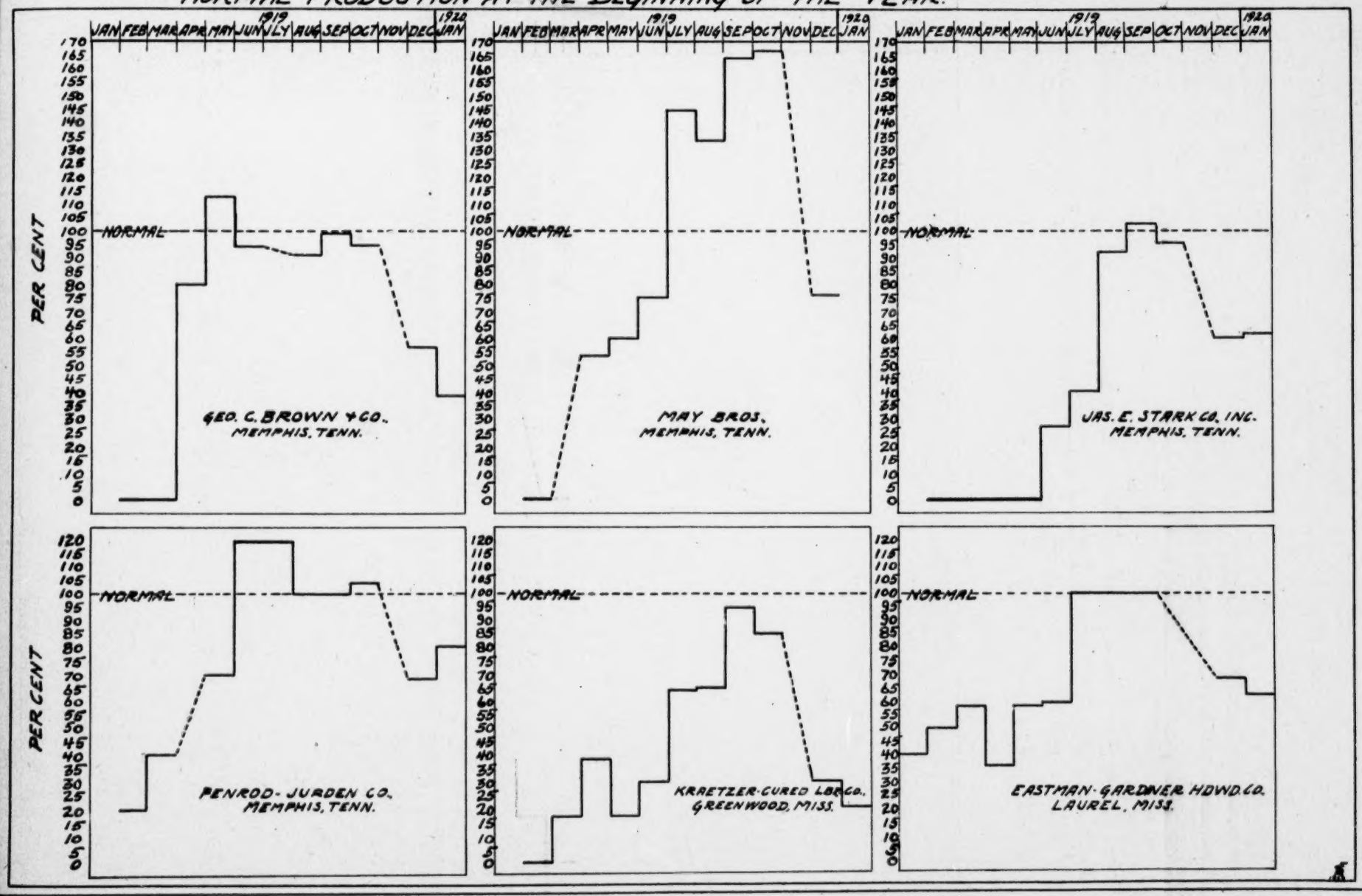
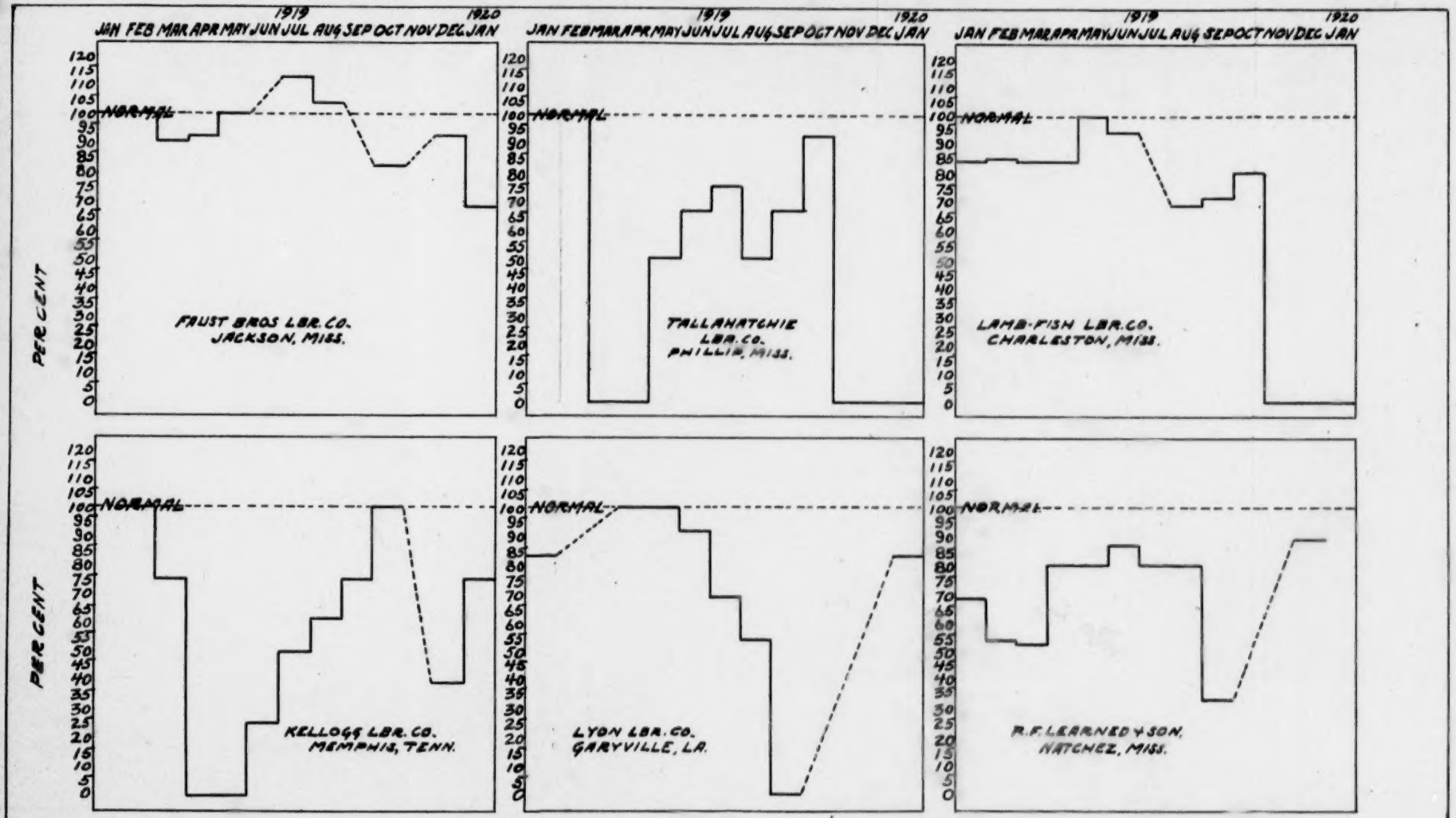


COMBINED TERRITORY.

MONTH	1919 Jan	Feb	Mar	Apr	May	June	July.	Aug.	Sep.	Oct.	Nov.	Dec.	1920 Jan.	MONTH.
ACTUAL PRODUCTION	55	57	55	65	68	64	72	76	85	81	71	55	58	ACTUAL PRODUCTION
ESTIMATED PRODUCTION				65	73	75	84	95	81	95	79	66	74	ESTIMATED PRODUCTION



RANGE OF PRODUCTION OF TYPICAL MILLS DURING THE YEAR 1919 & JAN. 1920 WHICH PRODUCED A LOW PERCENTAGE OF NORMAL PRODUCTION AT THE BEGINNING OF THE YEAR.



Range of Production of Typical Mills During the Year 1919 + Jan. 1920 which Produced a High Percentage of Normal Production at the Beginning of the Year.